

## **PUBLIC ACT 335**

### **Criteria for Qualifying for a Tax Credit**

Under Public Act 335, a taxpayer that is an owner of a service station may claim a credit against the Michigan Business Tax owed the State of Michigan. The credit is equal to 30% of the cost incurred during the tax year to convert existing fuel delivery systems to provide E85 fuel or qualified biodiesel blends and to create new fuel delivery systems designed to provide E85 fuel or qualified biodiesel blends, not to exceed \$20,000 per tax year per taxpayer.

The service station owner must meet the following criteria to qualify for a tax credit:

- The work to convert existing fuel delivery systems or create new fuel delivery systems to provide E85 fuel or qualified biodiesel blends was completed during a tax year that began after 12/31/08 and ended before 01/01/12.
- The service station owner must have a tax obligation for the current tax year against which the tax credit can be applied.
- Qualified biodiesel blends must be between B5 and B99.
- The service station must have signage that is readable from the road advertising the availability and price of the E85 and/or biodiesel.
- The E85 and/or biodiesel pump(s) must have a credit card reader.
- The service station owner must apply to the Michigan Department of Energy, Labor & Economic Growth, Bureau of Energy Systems, to obtain a certificate of approval for the tax credit.
- A physical inspection of the installation is required to verify the work is completed and that E85 and/or biodiesel is being sold to the public.
- The service station owner must report annually to the Bureau of Energy Systems (for three years after the certificate approval date) the number of gallons of E85 and/or biodiesel sold monthly at that site.
- All grants and incentives received, based upon the same costs, must be subtracted from the cost to convert/install biofuel delivery systems. The amount of the tax credit will be 30% of the Net Investment Cost to convert existing fuel delivery systems or create new fuel delivery systems to provide E85 fuel or qualified biodiesel blends. Federal tax credits do not need to be considered when determining the Net Investment Cost of the biofuel delivery system.
- If the station owner stops dispensing the biofuel within three years of receiving the tax credit, they will have a percentage of the credit amount added back to their tax liability in the year that they stop using the fuel delivery systems to provide E85 and/or qualifying biodiesel blend. The percentage returned will be in accordance with Public Act 274 of 2006, Section 78(2)(c).
- Applications for the tax credit will be processed quarterly until authorized tax credit funds are exhausted for the calendar year.