

Tax Credits and Incentives

Category	Type	Name	Qualifying Activity or Property	Amount
Business Operations Renovations/Expansions	Federal Tax Credit	Business energy tax credit	Solar water heat, solar space heat, solar thermal electric, solar thermal process heat, photovoltaics, geothermal electric, fuel cells, solar hybrid lighting, direct use geothermal, microturbines placed in service during 2006 or 2007 (or 2008 for solar and fuel cell).	30% for solar and fuel cell, 10% for geothermal, and 10% for microturbines.
Business Operations Buying/Selling	Federal Tax Credit	Alternative fuel and hybrid vehicle credit for passenger vehicles	Alternative fuel and hybrid vehicles purchased or placed in service after 2005 and before 2011.	\$250 to \$4,000 (or more for fuel cell vehicles), depending on the fuel economy and the weight of the vehicle.
Business Operations Buying/Selling	Federal Tax Credit	Alternative fuel and hybrid vehicle credit for heavy-duty vehicles	Heavy-duty hybrid vehicles placed in service after 2005 and before 2010.	20% to 40% of the additional cost (over conventional vehicle) depending on vehicle weight.
Business Operations Buying/Selling Renovations/Expansions	Federal Tax Credit	Clean fuel refueling station installation credit	Vehicle refueling equipment for fuel that consists of at least 85% ethanol (<i>e.g.</i> , E85 ethanol pumping stations), natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, or hydrogen and any mixture of diesel fuel and biodiesel containing at least 20% biodiesel, placed in service after 2005 and before 2010 (or 2015 for hydrogen).	30% of installation cost.

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Business Operations	Federal Tax Credit	Energy efficient home credit for builders	Energy-efficient homes, including manufactured homes, constructed in 2006 or 2007.	\$1000-\$2000, depending on energy savings amount and type of home.
Business Operations	Federal Tax Credit	Energy efficient appliance tax credit for manufacturers	Residential clothes washers/dryers, dishwasher, refrigerators/freezers manufactured in 2006 or 2007.	For products manufactured in 2006 and 2007, \$100 for clothes washers; \$75-\$175 for refrigerators, varies with amount of energy savings; varies for dishwashers with amount of energy savings.
Business Operations Buying/Selling Renovations/Expansions	Federal Tax Deduction	Energy efficient commercial buildings deduction	Equipment insulation, water heaters, lighting, lighting controls/sensors, chillers, furnaces, boilers, heat pumps, air conditioners, chp/cogeneration, caulking/weather-stripping, duct/air sealing, building insulation, windows, doors, siding, roofs for buildings and systems placed in service during 2006 or 2007.	\$0.30-\$1.80 per square foot, depending on technology and amount of energy reduction.
Business Operations Buying/Selling Renovations/Expansions	Federal Tax Deduction	Accelerated cost recovery	Solar water heat, solar space heat, solar thermal electric, solar thermal process heat, photovoltaics, wind, geothermal electric, fuel cells, solar hybrid lighting, direct use geothermal, microturbines placed in service after 2005.	Recovery period is 5 years.



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Business Operations	State Tax Credit	Refundable Payroll Credit	Businesses may claim a credit for their qualified payroll amount if certified by the NextEnergy Authority in the NextEnergy Zone to develop "alternative energy technologies" as defined by the Michigan Next Energy Authority Act.	Qualified payroll amount.
Business Operations	State Tax Credit	Michigan Economic Growth Activity (MEGA) Tax Credit	Companies eligible for a MEGA tax credit against the SBT are those engaged in manufacturing, research and development, wholesale trade or office operations that are financially sound and have solid proposals. Retail facilities are not eligible.	May provide a refundable tax credit against the SBT to companies expanding or relocating their operations in Michigan.
Business Operations	State Tax Credit	High-Tech MEGA Tax Credit	Businesses or facilities that are primarily engaged in a "high-technology activity" or businesses that use at least 25% of total operating expenses for research and development.	Refundable credit equal to the personal income tax attributable to new jobs being created at the site of the expansion of new location. Each credit may be awarded for up to 20 years and for up to 100% of the new tax related to the project.

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Buying/Selling Renovations/Expansions	Local & State Tax Abatement	Obsolete Property Rehabilitation Act (OPRA)	Available only in Core Communities, this incentive is designed to assist in the redevelopment of contaminated, blighted and functionally obsolete properties. Convert underutilized buildings into vibrant commercial and/or commercial housing opportunities and is available only for commercial and/or commercial housing projects.	Offers the community the ability to freeze local property taxes at the pre-development level for up to 12 years. The developer can also apply to the State Treasurer to freeze half of the state education millage for up to six years. Land is not abated.
Business Operations Buying/Selling Renovations/Expansions	State Tax Abatement	Industrial Property Tax Abatement	Industrial plants eligible for tax abatement are those that primarily manufacture or process goods or materials by physical or chemical change. Related facilities of Michigan manufacturers such as offices, engineering, research and development, warehousing or parts distribution are also eligible for exemption. The exemption applies to buildings, building improvements, machinery, equipment, furniture and fixtures. Real and personal property are eligible whether owned or leased (provided the lessee is liable for payment of taxes on the property).	Varies