

Michigan NextEnergy Authority

The Michigan NextEnergy Authority (MNEA) was created to promote the development of alternative energy technologies and to provide tax incentives for business activities and property related to the research, development, and manufacturing of those technologies.

The MNEA is a seven-member board, comprised of the State Treasurer, the directors of the state departments of Management and Budget and Transportation, and four private-sector members appointed by the Governor.

The MNEA is responsible for certifying taxpayers and property as eligible for tax credits against the Michigan Single Business Tax (SBT) or exemptions from the General Property Tax.

Taxpayers engaged in research, development, or manufacturing of alternative energy technology and certified as eligible by the MNEA may claim a nonrefundable credit against their single business tax liability. The MNEA must also certify the taxpayer's SBT liability that is attributable to Qualified Business Activity for both the applicable tax year and for the baseline tax year of 2001. The credit is available for tax years beginning no earlier than January 1, 2003. Taxpayers seeking certification for the SBT credit must apply on a yearly basis.

Personal property that is certified by the MNEA as "Alternative Energy Personal Property" (AEPP) is exempt from the collection of personal property taxes. The exemption applies only to personal property that is new to Michigan. To be eligible for the exemption, the property must not have been previously taxed and must not have been exempted from taxation under another law. The MNEA may certify any of the following as AEPP:

- An Alternative Energy System
- An Alternative Energy Vehicle
- The personal property of an "Alternative Energy Technology Business"
- The personal property of a business which is not an alternative energy technology business, that is used solely for the purpose of researching, developing, or manufacturing an "Alternative Energy Technology"

The personal property tax exemption applies to taxes levied after December 31, 2002, and before January 1, 2013. Property acquired in 2002 is not eligible for the exemption. An exemption, once certified, is effective through December 31, 2012 provided the taxpayer annually certifies to the Authority that there has been no change in the use, location, or ownership of the exempted property. Any such changes will require review of the exemption by the Authority.

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An Alternative Energy Zone (AEZ) has been created within Wayne State University's Research and Technology Park in Detroit to promote the research, development, and manufacturing of Alternative Energy Technologies. Businesses engaged in one of those qualifying activities and located within the AEZ will enjoy the full range of Renaissance Zone tax benefits.

Alternative energy technology companies located in the AEZ may also be eligible for a refundable payroll credit on their SBT. The refundable payroll credit is administered by Department of Treasury. (Forms and instructions can be obtained by contacting that department).