

STATE OF MICHIGAN

EV Personal Property Tax Exemption

Short Description: Property tax exemption for EV to be claimed by businesses.

Beneficiary: Businesses that invest in alternative energy personal property in the state of Michigan

Type of Incentive: Tax Exemption

Effective Dates: Exempt from taxes until January 1, 2013

Value of Benefit: Cash benefit subject to cost of vehicle.

Full Description:

All tangible personal property in Michigan is subject to tax unless specifically exempted by law, subject to approval by the secretary of the local school district and the treasurer of the local tax collecting unit in which the alternative energy property is located. For taxes levied after 2002 and before 2013, alternative energy personal property is exempt from the collection of personal property taxes if approved (211.9(i)).

Alternative Energy Property includes alternative energy vehicles. An alternative energy vehicle is a motor vehicle manufactured by an original equipment manufacturer that meets local emissions standards and is propelled by an alternative energy system, including electricity (207.822(f)). Alternative Energy Property also includes an electricity storage system for purposes of refueling an electric vehicle (207.822(c)(xi)).

State Statutory references:

- Michigan Compiled Laws 207.822
 - [http://www.legislature.mi.gov/\(S\(kk422245hp4majmr0sx2ly55\)\)/mileg.aspx?page=getObject&objectName=mcl-207-822](http://www.legislature.mi.gov/(S(kk422245hp4majmr0sx2ly55))/mileg.aspx?page=getObject&objectName=mcl-207-822)
- Michigan Compiled Laws 211.9(i)
 - [http://www.legislature.mi.gov/\(S\(kk422245hp4majmr0sx2ly55\)\)/mileg.aspx?page=getObject&objectName=mcl-211-9i](http://www.legislature.mi.gov/(S(kk422245hp4majmr0sx2ly55))/mileg.aspx?page=getObject&objectName=mcl-211-9i)

Other Link(s):

N/A

Checkpoint Contents
State & Local Tax Library
State & Local Taxes
States
Michigan
Statutes
Mich. Comp. Laws Ann.
Chapter 207 TAXATION
Mich. Comp. Laws Ann. § 207.822 (P.A. 2002, No. 593, § 2) Definitions.

§ 207.822 -- (P.A. 2002, No. 593, § 2) Definitions.

Sec. 2.

As used in this act:

- (a) "Advanced battery cell" means a rechargeable battery cell with a specific energy of not less than 80 watt hours per kilogram.
- (b) "Alternative energy marine propulsion system" means an onboard propulsion system or detachable outboard propulsion system for a watercraft that is powered by an alternative energy system and that is the singular propulsion system for the watercraft. Alternative energy marine propulsion system does not include battery powered motors designed to assist in the propulsion of the watercraft during fishing or other recreational use.
- (c) "Alternative energy system" means the small-scale generation or release of energy from 1 or any combination of the following types of energy systems:
- (i) A fuel cell energy system.
 - (ii) A photovoltaic energy system.
 - (iii) A solar-thermal energy system.
 - (iv) A wind energy system.
 - (v) A CHP energy system.
 - (vi) A microturbine energy system.
 - (vii) A miniturbine energy system.
 - (viii) A Stirling cycle energy system.
 - (ix) A battery cell energy system.
 - (x) A clean fuel energy system.
 - (xi) A electricity storage system.
 - (xii) A biomass energy system.
 - (xiii) A thermoelectric energy system.
- (d) "Alternative energy technology" means equipment, component parts, materials, electronic devices, testing equipment, and related systems that are specifically designed, specifically fabricated, and used primarily for 1 or more of the following:
- (i) The storage, generation, reformation, or distribution of clean fuels integrated within an alternative energy system or alternative energy vehicle, not including an anaerobic digester energy system or a hydroelectric energy system, for use within the alternative energy system or alternative energy vehicle.
 - (ii) The process of generating and putting into a usable form the energy generated by an alternative energy system. Alternative energy technology does not include those component parts of an alternative energy system that are required regardless of the energy source.
 - (iii) A microgrid. As used in this subparagraph, "microgrid" means the lines, wires, fuel lines and fuel reformers, and controls to connect 2 or more alternative energy systems.
 - (iv) Research and development of an alternative energy vehicle.

- (v) Research, development, and manufacturing of an alternative energy system.
- (vi) Research, development, and manufacturing of an anaerobic digester energy system.
- (vii) Research, development, and manufacturing of a hydroelectric energy system.

(e) "Alternative energy technology business" means a business engaged solely in the research, development, or manufacturing of alternative energy technology.

(f) "Alternative energy vehicle" means a motor vehicle manufactured by an original equipment manufacturer that fully warrants and certifies that the motor vehicle meets federal motor vehicle safety standards for its class of vehicles as defined by the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923, and certifies that the motor vehicle meets local emissions standards, that is propelled by an alternative energy system. Alternative energy vehicle includes the following:

- (i) An alternative fueled vehicle. As used in this subparagraph, "alternative fueled vehicle" means a motor vehicle that can only be powered by a clean fuel energy system and can only be fueled by a clean fuel.
- (ii) A fuel cell vehicle. As used in this subparagraph, "fuel cell vehicle" means a motor vehicle powered solely by a fuel cell energy system.
- (iii) An electric vehicle. As used in this subparagraph, "electric vehicle" means a motor vehicle powered solely by a battery cell energy system.
- (iv) A hybrid vehicle. As used in this subparagraph, "hybrid vehicle" means a motor vehicle that can only be powered by an internal combustion engine and 1 or more alternative energy systems.
- (v) A solar vehicle. As used in this subparagraph, "solar vehicle" means a motor vehicle powered solely by a photovoltaic energy system.
- (vi) A hybrid electric vehicle. As used in this subparagraph, "hybrid electric vehicle" means a motor vehicle powered by an integrated propulsion system consisting of an electric motor and combustion engine. Hybrid electric vehicle does not include a retrofitted conventional diesel or gasoline engine. A hybrid electric vehicle obtains the power necessary to propel the motor vehicle from a combustion engine and 1 of the following:
 - (A) A battery cell energy system.
 - (B) A fuel cell energy system.
 - (C) A photovoltaic energy system.
- (vii) A hydraulic hybrid vehicle. As used in this subparagraph, "hydraulic hybrid vehicle" means a motor vehicle powered by a regenerative hydraulic drive system or powered by an internal combustion engine assisted by a regenerative hydraulic drive system.

(g) "Alternative energy zone" means a renaissance zone designated as an alternative energy zone by the board of the Michigan strategic fund under section 8a of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2688a.

(h) "Anaerobic digester energy system" means a device or system of devices for optimizing the anaerobic digestion of biomass for the purpose of recovering biofuel for energy production.

(i) "Authority" means the Michigan next energy authority created under section 3.

(j) "Battery cell" means a closed electrochemical system that converts chemical energy from oxidation and reduction reactions directly into electric energy without combustion and without external fuel and consists of an anode, a cathode, and an electrolyte.

(k) "Battery cell energy system" means 1 or more battery cells and an inverter or other power conditioning unit used to perform 1 or more of the following functions:

- (i) Propel a motor vehicle or an alternative energy marine propulsion system.
- (ii) Provide electricity that is distributed within a dwelling or other structure.
- (iii) Provide electricity to operate a portable electronic device including, but not limited to, a laptop computer, a personal digital assistant, or a cell phone. For purposes of this subparagraph only, a battery cell energy system shall only use advanced battery cells.

(l) "Biomass energy system" means a system that generates energy from a process using residues from wood and paper products industries, food production and processing, trees and grasses grown specifically to be used as energy crops, and gaseous fuels produced from solid biomass, animal waste, municipal wastes, or landfills.

(m) "Board" means the governing body of an authority under section 4.

(n) "CHP energy system" means an integrated unit that generates power and either cools, heats, or controls humidity in a building or provides heating, drying, or chilling for an industrial process that includes and is limited to both of the following:

(i) An absorption chiller, a desiccant dehumidifier, or heat recovery equipment.

(ii) One of the following:

(A) An internal combustion engine, an external combustion engine, a microturbine, or a miniturbine, fueled solely by a clean fuel.

(B) A fuel cell energy system.

(o) "Clean fuel" means 1 or more of the following:

(i) Methane.

(ii) Natural gas.

(iii) Methanol neat or methanol blends containing at least 85% methanol.

(iv) Denatured ethanol neat or ethanol blends containing at least 85% ethanol.

(v) Compressed natural gas.

(vi) Liquefied natural gas.

(vii) Liquefied petroleum gas.

(viii) Hydrogen.

(ix) Renewable fuels.

(p) "Clean fuel energy system" means a device that is designed and used solely for the purpose of generating power from a clean fuel. Clean fuel energy system does not include a conventional gasoline or diesel fuel engine or a retrofitted conventional diesel or gasoline engine.

(q) "Department" means the department of management and budget.

(r) "Electricity storage device" means a device, including a capacitor, that directly stores electrical energy without conversion to an intermediary medium.

(s) "Electricity storage system" means 1 or more electricity storage devices and inverters or other power conditioning equipment.

(t) "Fuel cell energy system" means 1 or more fuel cells or fuel cell stacks and an inverter or other power conditioning unit. A fuel cell energy system may also include a fuel processor. As used in this subdivision:

(i) "Fuel cell" means an electrochemical device that uses an external fuel and continuously converts the energy released from the oxidation of fuel by oxygen directly into electricity without combustion and consists of an anode, a cathode, and an electrolyte.

(ii) "Fuel cell stack" means an assembly of fuel cells.

(iii) "Fuel processor" means a device that converts a fuel, including, but not limited to, methanol, natural gas, or gasoline, into a hydrogen rich gas, without combustion for use in a fuel cell.

(u) "Hydroelectric energy system" means a system related to the process of generating or putting into usable form the energy produced solely from flowing or falling water. The system may consist of a turbine, generator, alternator, electronic devices, or other directly related component parts.

(v) "Microturbine energy system" means a system that generates electricity, composed of a

compressor, combustor, turbine, and generator, fueled solely by a clean fuel with a capacity of not more than 250 kilowatts. A microturbine energy system may include an alternator and shall include a recuperator if the use of the recuperator increases the efficiency of the energy system.

(w) "Miniturbine energy system" means a system that generates electricity, composed of a compressor, combustor, turbine, and generator, fueled solely by a clean fuel with a capacity of not more than 2 megawatts. A miniturbine energy system may also include an alternator and a recuperator.

(x) "Person" means an individual, partnership, corporation, limited liability company, association, governmental entity, or other legal entity.

(y) "Photovoltaic energy system" means a solar energy device composed of 1 or more photovoltaic cells or photovoltaic modules and an inverter or other power conditioning unit. A photovoltaic system may also include batteries for power storage or an electricity storage device. As used in this subdivision:

- (i)** "Photovoltaic cell" means an integrated device consisting of layers of semiconductor materials and electrical contacts capable of converting incident light directly into electricity.
- (ii)** "Photovoltaic module" means an assembly of photovoltaic cells.

(z) "Regenerative hydraulic drive system" means a system that captures energy from nonparasitic vehicle sources or energy wasted by a vehicle's brakes or suspension to be released to directly assist vehicle propulsion or directly propel the vehicle.

(aa) "Renewable fuels" means 1 or more of the following:

- (i)** Biodiesel or biodiesel blends containing at least 20% biodiesel. As used in this subparagraph, "biodiesel" means a diesel fuel substitute consisting of methyl or ethyl esters produced from the transesterification of animal or vegetable fats with methanol or ethanol.
- (ii)** Biomass. As used in this subparagraph, "biomass" means wood and paper products industries, food production and processing, trees and grasses grown specifically to be used as energy crops, and gaseous fuels produced from solid biomass, animal waste, municipal wastes, or landfills.

(bb) "Small-scale" means 1 or more of the following:

- (i)** A single energy system with a generating capacity of not more than 2 megawatts or an integrated energy system with a generating capacity of not more than 10 megawatts.
- (ii)** A single energy system or an integrated energy system with any generating capacity that is 1 or more of the following:
 - (A)** A fuel cell energy system.
 - (B)** A photovoltaic energy system.
 - (C)** A wind energy system.

(cc) "Solar thermal energy system" means an integrated unit consisting of a sunlight collection device, a system containing a heat transfer fluid to receive the collected sunlight, and heat exchangers to transfer the solar energy to a thermal storage tank to heat or cool spaces or fluids or to generate electricity.

(dd) "Stirling cycle energy system" means a closed-cycle, regenerative heat engine that is fueled solely by a clean fuel and uses an external combustion process, heat exchangers, pistons, a regenerator, and a confined working gas, such as hydrogen or helium, to convert heat into mechanical energy. A Stirling cycle energy system may also include a generator to generate electricity.

(ee) "Thermoelectric energy system" means a system that generates energy by converting thermal energy into electrical energy using direct heat from a clean fuel energy system or waste

heat from any source. A thermoelectric energy system also includes an energy system that utilizes alkali metal thermal-to-electric conversion technology.

(ff) "Wind energy system" means an integrated unit consisting of a wind turbine composed of a rotor, an electrical generator, a control system, an inverter or other power conditioning unit, and a tower, which uses moving air to produce power.

(§ 207.822 enacted by P.A. 2002, No. 593, § 2, eff. 10-17-02; amended by P.A. 2006, No. 632.)

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
S&L Explanations


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
§ 211.9i -- (P.A. 2002, No. 549, § 9i) Alternative energy personal property; exemption.


Sec. 9i.


 **(1)** S&L Explanations Alternative energy personal property is exempt from the collection of taxes under this act as provided in this section.

 **(2)** S&L Explanations If the Michigan next energy authority certifies alternative energy personal property as eligible for the exemption under this section as provided in the Michigan next energy authority act, the Michigan next energy authority shall forward a copy of that certification to all of the following:

 **(a)** The secretary of the local school district in which the alternative energy personal property is located.

 **(b)** The treasurer of the local tax collecting unit in which the alternative energy personal property is located.

 **(3)** S&L Explanations Within 60 days after receipt of the certification of alternative energy personal property under subsection (2), the school board for the local school district in which the alternative energy personal property is located, with the written concurrence of the superintendent of the local school district, may adopt a resolution to not exempt that alternative energy personal property from a tax levied in that local school district under section 1212 of the revised school code, 1976 PA 451, MCL [380.1212](#), or a tax levied under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, to retire outstanding bonded indebtedness. If a resolution is adopted under this subsection, a copy of the resolution shall be forwarded to the Michigan next energy authority, to the treasurer of the local tax collecting unit, and to the state treasurer. If a resolution is not adopted under this subsection, that alternative energy personal property is exempt from a tax levied in that local school district under section 1212 of the revised school code, 1976 PA 451, MCL [380.1212](#), or a tax levied under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, to retire outstanding bonded indebtedness, for the period provided in subsection (5).

 **(4)** S&L Explanations Within 60 days after receipt of the certification of alternative energy personal property under subsection (2), the governing body of the local tax collecting unit in which the alternative energy personal property is located may adopt a resolution to not exempt that alternative energy personal property from the taxes collected in that local tax collecting unit, except taxes collected under sections 1211 and 1212 of the revised school code, 1976 PA 451, MCL [380.1211](#) and [380.1212](#), a tax levied under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, to retire outstanding bonded indebtedness, or the tax levied by this state under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906. The clerk of the local tax collecting unit shall notify in writing the assessor of the local tax collecting unit in which the alternative energy personal property is located and the legislative body of each taxing unit that levies ad valorem property taxes in that local tax collecting unit in which the alternative energy personal property is located. Notice of the meeting at which the resolution will be considered shall be provided as required under the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Before acting on the resolution, the governing body of the local tax collecting unit shall

afford the assessor and a representative of the affected taxing units an opportunity for a hearing. If a resolution is adopted under this subsection, a copy of the resolution shall be forwarded to the Michigan next energy authority and to the state treasurer. If a resolution is not adopted under this subsection, that alternative energy personal property is exempt from the taxes collected in that local tax collecting unit for the period provided in subsection (5), except as otherwise provided in this section.

^N_W⁺_S^E (5) S&L Explanations The exemption under this section applies to taxes levied after December 31, 2002 and before January 1, 2013.

^N_W⁺_S^E (6) S&L Explanations As used in this section:

^N_W⁺_S^E (a) "Alternative energy personal property" means all of the following:

^N_W⁺_S^E (i) An alternative energy system.

^N_W⁺_S^E (ii) An alternative energy vehicle.

^N_W⁺_S^E (iii) All personal property of an alternative energy technology business.

^N_W⁺_S^E (iv) The personal property of a business that is not an alternative energy technology business that is used solely for the purpose of researching, developing, or manufacturing an alternative energy technology.

^N_W⁺_S^E (b) "Alternative energy system", "alternative energy vehicle", "alternative energy technology", and "alternative energy technology business" mean those terms as defined in the Michigan next energy authority act.

(§ 211.9i enacted by P.A. 2002, No. 549, § 9i, eff. 7-26-02.)

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