

MICHIGAN—BATTERY CAPITAL OF THE WORLD

MICHIGAN'S ADVANCED BATTERY CREDITS SUMMARY

Michigan's new Advanced Battery Credits (MABC) initiative, the first of its kind in the nation, is supporting the development and manufacturing of advanced batteries and the commercialization of advanced battery technologies. MABC focuses on stimulating the domestic commercialization and affordability of high-power energy (traction) batteries, the lack of which today is limiting hybrid, plug-in hybrid battery-electric and fuel cell vehicle applications. The MABC includes incentives for battery cell manufacturing (aimed at consumer, commercial and military applications), pack engineering/integration (which includes heating and cooling systems, electronic controls, battery monitoring systems and assembly of battery cells into the pack) and development of engineering and advanced technologies focused around advanced battery systems. The MABC amends the Michigan Business Tax Act, Public Act 36 of 2007, to authorize the Michigan Economic Growth Authority to enter into agreements to provide tax credits for the following:

1. Pack Engineering, Integration, and Assembly Credit

Tax credits for subsection (2)* will be offered starting on or after January 1, 2011, and ending before January 1, 2015. In 2011, credits will start at \$500 for a four kWh battery pack, with an additional \$125 per kWh exceeding four, not to exceed a \$2,000 limit per pack. In 2012, credits start at \$375 for a four kWh battery pack, with an additional \$93.75 per kWh exceeding four, not to exceed a \$1,500 limit per pack. Limits are set on the total amount of incentives and number of packs allowed per year and per taxpayer. The maximum value of this credit is limited to \$135 million.

2. Vehicle Engineering Credit

Subsection (3)* offers tax credit incentives of up to 75% of the qualified expenses for vehicle engineering performed in this state to support battery integration, prototyping, and launch expenses incurred for tax years beginning on or after January 1, 2009, and ending before January 1, 2014. This credit shall not exceed \$15 million per year and the taxpayer must manufacture a minimum of 1,000 motor vehicles to qualify. The maximum value of this credit is limited to \$135 million.

3. Advanced Battery Technologies Credit

Subsection (4)* will allow a taxpayer who commits to increase its engineering activities in this state for advanced automotive battery technologies to receive a tax credit of up to 75% of the total dollar amount of the qualified battery engineering expenses. These business expenses must be incurred during tax years beginning on or after January 1, 2009, and ending before January 1, 2014. This credit is limited to \$10 million per year. The maximum value of this credit is limited to \$30 million.

4. Battery Cell Manufacturing Credit

Subsection (5)* offers tax credits equal to 50% of the capital investment expenses for the construction of an integrated cell manufacturing facility that includes anode and cathode manufacturing and cell assembly. This credit shall not exceed \$25 million per year for no more than four years. The maximum value of this credit is limited to \$400 million.

For more information, contact the MEDC Customer Assistance Center at 517.373.9808.

** Please refer to 2008 House Bill No. 6611 for full details on eligibility.*