

Legislative Analysis



CREDIT FOR "GREEN" RESIDENTIAL STRUCTURES

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6179

Sponsor: Rep. Steve Bieda

Committee: Tax Policy

Complete to 12-2-08

A SUMMARY OF HOUSE BILL 6179 (PROPOSED SUBSTITUTE H-1)

The bill would amend the Income Tax Act to provide a tax credits to a taxpayer who purchases a newly constructed "green residential structure" or undertakes a "green" renovation or addition to an existing owner-occupied residence.

A taxpayer who purchases an eligible green residential structure can claim a \$5,000 credit. A taxpayer who invests in an eligible renovation or addition could claim a tax credit equal to 30 percent of the costs incurred or \$2,000, whichever was less. The bill applies to one- and two-family structures that are principal residences (owner-occupied).

The credit for the purchase of a green residential structure would only apply if it had been constructed during the tax year for which the credit was sought. The credit would not be refundable but if the credit exceeded tax liability it could be carried forward for four years or until use up, whichever occurs first.

To qualify, the taxpayer would have to attach a certificate to the annual return indicating the home, renovation, or addition qualified for the tax credit. The bill specifies the various kinds of certificates that would be acceptable. (Certificates could be issued by Green Built Michigan, the National Green Building, or certain other domestic or international organizations approved by the Department of Labor and Economic Growth. The home, renovation, or addition would have to meet "silver certification standards" of those organizations.)

MCL 206.283

FISCAL IMPACT:

The bill would reduce income tax revenue by under an estimated \$1 million per year. Most of this tax change would affect General Fund/General Purpose revenue.

Legislative Analyst: Chris Couch
Fiscal Analyst: Rebecca Ross

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