SUBSTITUTE FOR

HOUSE BILL NO. 4128

A bill to amend 1967 PA 281, entitled

"Income tax act of 1967,"

(MCL 206.1 to 206.847) by adding section 678.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 678. (1) Subject to the limitations under this section, for tax years beginning on and after the effective date of the amendatory act that added this section, a taxpayer may claim a credit against the tax imposed under this part equal to the product of $1.00 multiplied by the number of kilowatt hours of electricity produced by the taxpayer utilizing small modular reactors, an extended power uprate, or a stretch power uprate at a qualified facility and sold by the taxpayer to an unrelated person during the tax year. For purposes of this subsection, a person is related to

the taxpayer if that person is under common control.

(2) A taxpayer is only eligible to claim the credit under this section for the first 10 years of operation after the small modular reactors, the extended power uprate, or the stretch power uprate was originally placed in service, respectively. A taxpayer is only eligible to claim a credit for the first 10,000 megawatt hours of electricity produced by a single qualified facility.

(3) The department may require the taxpayer to provide documentation supporting the facility's eligibility and the amount of electricity produced.

(4) If the amount of the credit allowed under this section exceeds the tax liability of the taxpayer for the tax year, the excess shall not be refunded, but may be carried forward as an offset to the tax liability in subsequent tax years for 15 tax years or until the excess credit is used up, whichever occurs first.

(5) As used in this section:

(a) "Advanced nuclear reactor" means that term as defined in 42 USC 16271.

(b) "Advanced nuclear reactor facility" means a facility that uses advanced nuclear reactor technologies.

(c) "Advanced nuclear reactor technologies" means material improvements to a utilization facility, as that term is defined in 42 USC 2014 and 10 CFR 50.2, that has significant improvements, including additional inherent safety features, compared to reactors operating before January 1, 2016, in the United States. Advanced nuclear reactor technologies include both of the following:

(*i*) Advanced nuclear reactors.

(*ii*) Existing electricity generating facilities benefiting from

research, development, demonstration, and commercialization programs, as described in 42 USC 16272, in this state powered by nuclear energy that have completed a life cycle management program.

(d) "Extended power uprate" means a project that was approved by the United States Nuclear Regulatory Commission to significantly modify plant equipment to increase the power generation capacity of that facility by more than 7% and to change a reactor's licensed power level.

(e) "Qualified facility" means an existing nuclear facility, or an advanced nuclear reactor facility, that is owned by the taxpayer and uses 1 or more of the following to produce electricity:

(*i*) Small modular reactors that were placed in service before June 1, 2040.

(*ii*) An extended power uprate or stretch power uprate.

(f) "Small modular reactors" means small-scale advanced nuclear reactors that use fission to generate electricity and may be constructed and operated in combination with similar reactors at a single site.

(g) "Stretch power uprate" means a project that increases the power generation capacity of the facility by up to 7% and is within the design capacity of that facility.

Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 103rd Legislature are enacted into law:

(a) House Bill No. 4124.

(b) House Bill No. 4125.

(c) House Bill No. 4126.

(d) House Bill No. 4127.

(e) House Bill No. 4129.