

Environmental E-news

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Green Chemistry Eligible to Receive Tax Credits

One of the bills passed by the Michigan Legislature at the end of 2010 was a bill that expanded the state economic development programs to include green chemistry. The Michigan Economic Development Corporation ("MEDC") currently has in its "toolbox" the ability to provide certain grants, tax credits, and other benefits to companies in the high technology and new and developing energy sectors. One such program is the Centers of Energy Excellent Program to promote the development, acceleration, and sustainability of new and developing sectors in the energy field by making state grants available to companies as part of the Michigan Twenty-First Century Job Fund Initiative. The legislation also expands the definition of "high-technology activity" to include "green chemistry" for the purpose of receiving Michigan Economic Growth Act ("MEGA") tax credits against the Michigan Business Tax.

The definition of "green chemistry" includes "chemistry and chemical engineering to design chemical products or processes that reduce or eliminate the use or generation of hazardous substances, while producing high-quality products through safe and efficient manufacturing processes."

Green chemistry is guided by the following 12 principles:

1. Prevent waste.
2. Design safer chemicals and products.
3. Design less hazardous chemical syntheses.
4. Use renewable feedstock from agricultural products or waste of other products rather than from fossil fuels, including petroleum, natural gas, or coal.
5. Used catalysts to carry out a single reaction many times rather than stoichiometric reagents that are used in excess and work only once.
6. Avoid chemical derivatives because they use additional reagents and generate waste.
7. Maximize atom economy so that there are few, if any, wasted atoms.
8. Use safer solvents and reaction conditions.
9. Increase energy efficiency.
10. Design chemicals and products to degrade after use.

11. Analyze in real-time to prevent pollution.
12. Design chemicals and their forms to minimize the potential for accidents.

Some of the projects that could be eligible as green chemistry include the acquisition, construction, conversion, or lease of an industrial, commercial, retail, agricultural, or forestry enterprise for green energy. This includes the acquisition of land, buildings, or improvements such as research parks, research and development laboratories, warehousing facilities, railroad facilities, and water and air pollution control equipment, along with a wide variety of other activities.

If your company is involved in "green chemistry," it may be worthwhile to discuss the newly available tax incentives for your company with a Butzel Long attorney.

If you would like more information about the foregoing or any other environmental law needs, please feel free to contact one of the following Butzel Long lawyers:

Beth Gotthelf

248 258 1303
gotthelf@butzel.com

Susan Lynn Johnson

248 258 1307
johnsons@butzel.com

Claudia Rast

734 213 3431
rast@butzel.com

William B. Clifford, Jr.

248 258 1312
clifford@butzel.com

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