



Senate Bill 455 (Substitute S-2 as reported)  
Sponsor: Senator Jim Stamas  
Committee: Economic and Small Business Development

### **CONTENT**

The bill would amend the General Property Tax Act to specify that, for taxes and assessments levied after December 31, 2016, eligible data center property located at the site of a renaissance zone that was approved in 2016 by the Michigan Strategic Fund (MSF) with a minimum investment of \$100.0 million would be exempt from certain assessments and taxes.

Currently, real and personal property in a renaissance zone is not exempt from the collection of the following:

- A special assessment levied by the local tax collecting unit in which the property is located.
- Ad valorem property taxes specifically levied for the payment of principal and interest of obligations approved by the electors or obligations pledging the unlimited taxing power of the local governmental unit.
- Specified taxes levied under the Revised School Code.

Under the bill, for taxes and assessments levied after December 31, 2016, the ad valorem property taxes specifically levied for the payment of principal and interest of obligations approved by the electors or obligations pledging the unlimited taxing power of the local governmental unit and the specified taxes levied under the Revised School Code would not apply to eligible data center property located at the site of a renaissance zone that was approved in 2016 by the MSF with a minimum investment of \$100.0 million, and that eligible data center property would be exempt from the collection of the assessments and taxes listed above. For these purposes, the site of a renaissance zone approved in 2016 would continue to be considered as approved in 2016 if that site were subsequently approved as a renaissance zone for the same entity in any future year.

"Eligible data center property" would mean real property on which a qualified data center is located and all personal property located in the qualified data center. "Qualified data center" would mean those terms as defined in the General Sales Tax Act or the Use Tax Act.

MCL 211.7ff

Legislative Analyst: Drew Krogulecki

### **FISCAL IMPACT**

Between fiscal year (FY) 2018-19 and FY 2031-32, the bill would reduce local unit revenue by at least \$373,000 per year. While the bill does not contain a retroactivity clause, the language in the bill would apply retroactively to all taxes levied after December 31, 2016. As a result, the first-year cost of the bill likely would exceed \$373,000 because prior-year collections would need to be refunded. Similarly, the revenue loss under the bill likely would grow over time. One firm affected by the bill is required by a renaissance zone agreement to make a

minimum investment of \$100.0 million by December 31, 2021, and media reports have indicated the investment could total \$5.0 billion, but would take approximately a decade to complete. Assuming the liabilities of other taxpayers currently at the location identified in the bill did not change, if the investment by the one firm increased to \$100.0 million, the revenue loss under the bill would increase to more than \$676,000 per year. If the investment totaled \$5.0 billion, the revenue loss would exceed \$20.1 million per year.

The estimates above are based on taxable values and year-to-date 2019 tax levies. Accordingly, they represent revenue that otherwise would be received by a single local unit of government and the local intermediate school district. The retroactive amounts that would need to be refunded also would affect revenue received by the county jail, various senior and veteran programs in the area, the local zoo, and additional local units of government. It is unknown if levies for those other taxing authorities would be levied on the winter 2019 tax bill or in subsequent years.

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