



Senate Fiscal Agency  
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House Bill 5187 (Substitute H-3 as reported without amendment)  
House Bill 5188 (Substitute H-3 as reported without amendment)  
Sponsor: Representative Rebekah Warren (H.B. 5187)  
Representative Mark Huizenga (H.B. 5188)  
House Committee: Commerce and Tourism  
Ways and Means  
Senate Committee: Economic and Small Business Development

### **CONTENT**

House Bill 5187 (H-3) and House Bill 5188 (H-3) would amend the General Sales Tax Act and the Use Tax Act, respectively, to do the following:

- Require an amount equal to all revenue lost to the State School Aid Fund (SAF) because of an exemption for qualified data centers to be deposited into the SAF.
- Require a person that claimed an exemption for a qualified data center to report the purchase price of the data center equipment to the Department of Treasury, as well as other information, to determine the amount of revenue lost to the SAF.

MCL 205.75 (H.B. 5187)  
205.111 (H.B. 5188)

Legislative Analyst: Drew Krogulecki

### **FISCAL IMPACT**

The bills would reduce General Fund revenue by an unknown amount that would depend on the particular characteristics of affected taxpayers. The number of affected taxpayers also is unknown, as is the dollar value of tax-exempt purchases. Any reduction in General Fund revenue would increase School Aid Fund revenue by the same amount.

When the exemption for data center equipment purchases was adopted in 2015, the fiscal impact estimated that if the School Aid Fund were reimbursed for losses due to the exemption, it would reduce General Fund revenue by approximately \$7.9 million in fiscal year 2017-18, and could total \$111.0 million over the life of the exemption.

Date Completed: 2-10-20

Fiscal Analyst: David Zin