

# Legislative Analysis



## PROPERTY TAX EXEMPTION UNDER MICHIGAN STRATEGIC FUND ACT

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

**Senate Bill 432 (S-1) as reported from House committee**  
**Sponsor: Sen. Kenneth Horn**  
**1st House Committee: Commerce and Tourism**  
**2nd House Committee: Ways and Means**  
**Senate Committee: Economic and Small Business Development**  
**Revised 9-14-20**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

Senate Bill 432 would amend the Michigan Strategic Fund Act to revise an exemption of certain property from taxes collected under the General Property Tax Act.

Currently under the act, personal property that leased or owned, *and* used, or *that portion of* real property that is leased, subleased, or owned, *and occupied* by a nonprofit research and development enterprise that receives or has received financial benefit or support under the act, former 1982 PA 70,<sup>1</sup> or section 117 of 2000 PA 291<sup>2</sup> in the amount of \$1.0 million or more or that has received financial benefit or support in the amount of \$1.0 million or more from an organization with tax-exempt status under section 501(c)(3) of the federal Internal Revenue Code that received financial benefit or support directly or indirectly under the act or section 117 of 2000 PA 291 is exempt from taxes collected under the General Property Tax Act while the property is leased, subleased, owned, used, or occupied by that nonprofit research and development enterprise solely for the purpose of performing or coordinating research and development in present and emerging technology and of the application of that technology to business and industry and provided that the research and development enterprise retains its tax-exempt status under section 501(c)(3) of the Internal Revenue Code.

With regard to this exemption, the bill would remove the requirement that the personal property be leased or owned and used, allowing the property to be leased, owned, or used by the nonprofit enterprise. The bill would remove the limitation of the exemption to only that portion of real property that meets the above requirements. The bill would also remove the requirement that the real property be occupied by the nonprofit research and development enterprise, so that it would need only to be leased, subleased, or owned by the nonprofit to qualify for the tax exemption.

Additionally, the bill would add, through December 31, 2024, that the nonprofit could also engage in supporting research and development in present and emerging technology as a qualifying purpose as described above.

MCL 125.2074

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<sup>1</sup> Former 1982 PA 70 created the Michigan Economic Development Authority and was repealed by the Michigan Strategic Fund Act in 1985.

<sup>2</sup> Section 117 of 2000 PA 291 appropriated \$50.0 million to the Michigan Strategic Fund for the Michigan Core Communities Fund for certain economic development awards. <http://www.legislature.mi.gov/documents/1999-2000/publicact/pdf/2000-PA-0291.pdf>

## **FISCAL IMPACT:**

Senate Bill 432 would have an unknown fiscal impact for local units of government. To the extent the bill would authorize a property tax exemption that did not otherwise exist under current law, the bill would reduce revenues for a local unit of government. The magnitude of any fiscal impact would depend on the millage levied in the affected local unit of government.

## **POSITIONS:**

A representative of the Michigan Research Institute testified in support of the bill. (3-3-20)

The Michigan Economic Development Corporation indicated support for the bill. (9-2-20)

The following entities indicated a neutral position on the bill (3-3-20):

- Michigan Townships Association
- Michigan Municipal League

Legislative Analyst: Emily S. Smith  
Fiscal Analyst: Benjamin Gielczyk

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.