



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 432 (as introduced 8-20-19)  
Sponsor: Senator Ken Horn  
Committee: Economic and Small Business Development

Date Completed: 10-2-19

**CONTENT**

**The bill would amend the Michigan Strategic Fund Act to revise the criteria under which certain nonprofit research and development enterprises would be exempt from taxation under the General Property Tax Act.**

Under the Michigan Strategic Fund Act, the Michigan Strategic Fund (MSF) may use the money held in the Research Center Fund to provide financial aid to certain nonprofit research and development enterprises.

Personal property that is leased or owned, and used, or a portion of that 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, or Section 117 of Public Act 291 of 2000 of at least \$1.0 million or that has received financial benefit or support of at least \$1.0 million from an organization with tax exempt status under Section 501(c)(3) of the Internal Revenue Code, that received financial benefit or support directly or indirectly under the Act or Section 117 of Public Act 291 of 2000 is exempt from the 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).

(Section 117 of Public Act 291 of 2000 appropriated \$50.0 million for fiscal year 1999-2000 to be deposited in the Michigan Core Communities Fund within the MSF. Section 501(c)(3) of the Internal Revenue Code lists organizations that are exempt from taxation under the Internal Revenue Code. These organizations include corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, among other things.)

Under the bill, personal property that was leased, owned, or used, or real property that was leased, subleased, or owned, by a nonprofit research and development enterprise that received or had received financial benefit or support under the Michigan Strategic Fund Act, or Section 117 of Public Act 291 of 2000 of at least \$1.0 million or that had received the financial benefits or supports outlined above would be exempt from taxes collected under the General Property Tax Act while that property was leased, subleased, owned, used, or occupied by that nonprofit research and development enterprise solely for the purpose of performing, coordinating, *or supporting* 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 retained its tax-exempt status under Section 501(c)(3).

MCL 125.2074

Legislative Analyst: Drew Krogulecki

**FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Cory Savino

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.