

SENATE BILL NO. 645

October 30, 2025, Introduced by Senator ALBERT and referred to Committee on Government Operations.

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending section 4cc (MCL 205.94cc), as amended by 2024 PA 181.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4cc. (1) Subject to subsections (2) and (3), beginning
2 January 1, 2016 through December 31, 2050, the tax under this act
3 does not apply to the storage, use, or consumption of data center
4 equipment sold to the owner or operator of a qualified data center
5 or a colocated business for assembly, use, or consumption in the
6 operations of the qualified data center or data center equipment

1 sold or provided to a person engaged in the business of
2 constructing, altering, repairing, or improving real estate for
3 others to the extent the data center equipment is to be affixed to
4 or made a structural part of a qualified data center.

5 (2) The exemption under subsection (1) continues to apply
6 after January 1, 2022, only if the numbers gathered by the local
7 economic development corporations are certified and reported to the
8 Michigan strategic fund and subsequently forwarded to the
9 department and demonstrate that the qualified data centers, the
10 colocated businesses, and the contractors of the qualified data
11 centers, collectively, have, in aggregate, established in this
12 state at least 400 data center industry jobs or data center
13 industry related jobs, or a combination of both, since January 1,
14 2016. The Michigan strategic fund shall submit a report no later
15 than April 1, 2022 related to the number of data center industry
16 jobs or data center industry related jobs that have been
17 established since January 1, 2016 to the speaker and minority
18 leader of the house of representatives, the majority and minority
19 leaders of the senate, and the governor. As used in this subsection
20 and subsection (3), "data center industry jobs" and "data center
21 industry related jobs" do not include qualified new jobs as that
22 term is defined in subsection ~~(10) (e) (v) (C)~~. **(10) (f) (v) (C)** .

23 (3) The exemption under subsection (1) continues to apply
24 after January 1, 2026, only if the numbers gathered by the local
25 economic development corporations are certified and reported to the
26 ~~Michigan strategic fund~~ **bureau** and subsequently forwarded to the
27 department and demonstrate that the qualified data centers, the
28 colocated businesses, and the contractors of the qualified data
29 centers, collectively, have, in aggregate, established in this

1 state at least 1,000 data center industry jobs or data center
2 industry related jobs, or a combination of both, since January 1,
3 2016. The ~~Michigan strategic fund~~ **bureau** shall submit a report no
4 later than April 1, 2026 related to the number of data center
5 industry jobs or data center industry related jobs that have been
6 established since January 1, 2016 to the speaker and minority
7 leader of the house of representatives, the majority and minority
8 leaders of the senate, and the governor.

9 (4) Subject to subsections (5) and (6), beginning on ~~the~~
10 ~~effective date of the amendatory act that added this subsection~~
11 **April 2, 2025** through December 31, 2050 or, with respect to an
12 enterprise data center subject to a certificate that is located on
13 the property included in a brownfield plan under the brownfield
14 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670,
15 or on property that was once an industrial site used primarily as a
16 power plant to generate electricity for sale, through December 31,
17 2065, the storage, use, or consumption of data center equipment
18 sold to either of the following is exempt from the tax imposed by
19 this act:

20 (a) A qualified entity or its affiliates for assembly, use, or
21 consumption in the operations of an enterprise data center subject
22 to a certificate.

23 (b) A person engaged in the business of constructing,
24 altering, repairing, or improving real estate for others to the
25 extent the data center equipment is to be affixed to or made a
26 structural part of an enterprise data center subject to a
27 certificate.

28 (5) In order for a purchaser to claim an exemption under
29 subsection (4), at the time the data center equipment is sold to

1 the purchaser, the qualified entity must have received a
2 certificate for that facility which is in good standing.

3 (6) All of the following apply with respect to the exemption
4 under subsection (4):

5 (a) A person seeking a certificate for an enterprise data
6 center must apply to the ~~Michigan strategic fund~~ **bureau** on a form
7 and in the manner prescribed by the ~~Michigan strategic fund~~.
8 **bureau**. The application must include an affirmation signed by the
9 applicant stating that it expects the facility to satisfy each of
10 the criteria for an enterprise data center under subsection ~~(10)(e)~~
11 **(10)(f)** and the anticipated time frame for doing so, which must not
12 exceed 6 years. Subject to subsection (9), not later than 120 days
13 after receiving a complete and correct application, the ~~Michigan~~
14 ~~strategic fund or its designees, which may include authorized~~
15 ~~employees, officers, and agents of the Michigan strategic fund and~~
16 ~~employees of the Michigan economic development corporation,~~ **bureau**
17 shall review the application and either issue a certificate to the
18 applicant or provide written reasons for its denial. The
19 certificate must specify a time frame for a facility to satisfy
20 each of the criteria for an enterprise data center under subsection
21 ~~(10)(e),~~ **(10)(f)**, which time frame must be the lesser of 6 years or
22 the time frame identified by the applicant on the application. The
23 ~~Michigan strategic fund~~ **bureau** shall provide the department with a
24 copy of each certificate issued under this subdivision.

25 (b) The qualified entity of a facility for which a certificate
26 has been issued shall report to the ~~Michigan strategic fund~~ **bureau**
27 purchases for which an exemption is claimed under subsection (4),
28 and employment, tax withholding, capital investment, and other
29 information required by the ~~Michigan strategic fund~~ **bureau** to

determine whether the facility continues to qualify as an enterprise data center. The ~~Michigan strategic fund~~ **bureau** shall provide the department with a copy of each report received under this subdivision from a qualified entity. The report required by this subdivision is subject to audit and must be made on an annual basis following issuance of the certificate. The report required by this subdivision must not include any remittance for tax and does not constitute a return or otherwise alleviate any obligations under section 6. Except for the provision of a copy of each report to the department as required under this subdivision and the provision of each certificate to the department as required under subdivision (a), the ~~Michigan strategic fund~~ **bureau** shall not disclose any information that is not aggregated or any information that could be used to identify a specific person or data center.

(c) All of the following apply regarding certifications to the ~~Michigan strategic fund~~ **bureau**:

(i) Not later than 3 years after a facility for which a certificate has been issued is placed in service, the qualified entity of the facility shall certify to the ~~Michigan strategic fund~~ **bureau**, in the form and manner prescribed by the ~~Michigan strategic fund~~ **bureau**, that the facility has attained certification under 1 or more of the green building standards described in subsection ~~(10) (e) (vii)~~ **(10) (f) (vii)**.

(ii) At the time an exemption is claimed under subsection (4), a qualified entity or its affiliates claiming the exemption shall certify to the ~~Michigan strategic fund~~ **bureau**, in the form and manner prescribed by the ~~Michigan strategic fund~~ **bureau**, that the facility is in compliance with subsection ~~(10) (e) (viii)~~ **(10) (f) (viii)**.

(iii) At the time an exemption is claimed under subsection (4),

1 a qualified entity or its affiliates claiming the exemption shall
2 certify to the ~~Michigan strategic fund, bureau~~, in the form and
3 manner prescribed by the ~~Michigan strategic fund, bureau~~, that the
4 facility has procured or will procure clean energy as described in
5 section 51 of the clean and renewable energy and energy waste
6 reduction act, 2008 PA 295, MCL 460.1051, equivalent to 90% of the
7 facility's forecasted electricity usage on an annual basis as
8 required under subsection ~~(10)(e)(ix)~~. **(10)(f)(ix)**.

9 (d) The ~~Michigan strategic fund bureau~~ shall revoke a
10 certificate issued under subdivision (a) if it determines a
11 facility no longer meets the definition of an enterprise data
12 center. If the ~~Michigan strategic fund bureau~~ determines revocation
13 is appropriate, it shall provide written notice to the qualified
14 entity and the department not less than 60 days, but not more than
15 180 days, before revocation, notifying the qualified entity of its
16 preliminary determination to revoke the certificate and providing
17 the qualified entity an opportunity to demonstrate, within the time
18 period specified in the notice, that the facility continues to meet
19 the definition of an enterprise data center. Following the
20 expiration of the time period specified in the notice, if the
21 ~~Michigan strategic fund bureau~~ determines that the facility does
22 not meet the definition of an enterprise data center, the ~~Michigan~~
23 ~~strategic fund bureau~~ shall revoke the certificate. If revocation
24 occurs not more than 10 years after issuance of the certificate,
25 the former qualified entity shall pay to the department an amount
26 equal to the entire amount of the tax exemptions stemming from the
27 certificate that have been received under subsection (4) by all
28 persons, plus interest as specified in section 23(2) of 1941 PA
29 122, MCL 205.23, calculated from January 1 of the year the

1 exemption was received until the amount is paid to the department
2 under this subdivision. If revocation occurs more than 10 years
3 after issuance of the certificate, the former qualified entity
4 shall pay to the department an amount equal to the entire amount of
5 the tax exemptions stemming from the certificate that have been
6 received under subsection (4) by all persons, plus interest as
7 specified in section 23(2) of 1941 PA 122, MCL 205.23, calculated
8 from January 1 of the year the exemption was received until the
9 amount is paid to the department under this subdivision, unless the
10 ~~Michigan strategic fund bureau~~ determines, pursuant to published
11 guidelines, that a lesser amount, but not less than an amount equal
12 to 50% of the entire amount of the tax exemptions stemming from the
13 certificate that have been received by all persons under subsection
14 (4), is appropriate after evaluating the circumstances. During the
15 time period specified in the notice described in this subdivision,
16 all persons must cease claiming a tax exemption stemming from the
17 certificate under subsection (4). If a certificate is revoked, the
18 ~~Michigan strategic fund bureau~~ shall notify the department not
19 later than 5 days after the revocation.

20 (e) The ~~Michigan strategic fund bureau~~ may charge and collect
21 reasonable administrative fees to effectuate the purpose of this
22 section.

23 (7) A person engaged in the business of constructing,
24 altering, repairing, or improving real estate for others that has
25 claimed an exemption under subsection (4)(b) for a particular
26 facility must submit an annual summary report to the qualified
27 entity or former qualified entity to which a certificate for that
28 facility was issued on or before January 1 of each year that
29 provides, at a minimum, information sufficient to identify the

1 person that made the purchases and the purchase price of all items
2 purchased each month of that year. That person must also maintain
3 all invoices, bills of sale, or similar documents for all claimed
4 exempt purchases that indicate the date of purchase, the items
5 purchased, and the purchase price of the property that is
6 identified in the summary report for 4 years after the date of the
7 purchase. Except as otherwise provided in subsection (6)(a) and
8 (b), the ~~Michigan strategic fund~~ **bureau** shall not disclose any
9 information that is not aggregated or any information that could be
10 used to identify a specific person or data center.

11 (8) The legislature encourages a person claiming an exemption
12 under this section to take direct steps to adopt practices to
13 mitigate negative environmental impacts resulting from expanded use
14 of data centers, including through all of the following:

15 (a) To the extent possible, procuring or contracting for power
16 from renewable sources.

17 (b) Adopting practices to improve the energy efficiency of
18 existing data centers, including through upgrading and
19 consolidating technology, managing data center airflow, and
20 adjusting and improving heating, ventilation, and air conditioning
21 systems.

22 (c) Taking actions to conserve, reuse, and replace water,
23 including, but not limited to, all of the following:

24 (i) Using water efficient fixtures and practices.

25 (ii) Treating, infiltrating, and harvesting rainwater.

26 (iii) Recycling water before discharging.

27 (iv) Partnering with local water utilities to use discharged
28 water for irrigation and other water conservation purposes.

29 (v) Using reclaimed water if possible for data center

1 operations.

2 (vi) Supporting water restoration in local watersheds.

3 (9) The ~~Michigan strategic fund~~ **bureau** shall not issue any new
4 certificates under subsection (6) (a) after December 31, 2029. This
5 subsection does not affect any existing certificates that are in
6 effect on December 31, 2029.

7 (10) As used in this section:

8 (a) "Affiliate" means a person that directly, or indirectly
9 through 1 or more intermediaries, controls, is controlled by, or is
10 under common control with a specified person.

11 (b) **"Bureau" means the bureau of fair competition and free**
12 **enterprise created in section 7 of the economic development fair**
13 **competition and free enterprise act. A certificate issued,**
14 **determination made, or other action taken by the Michigan strategic**
15 **fund under this section before the effective date of the economic**
16 **development fair competition and free enterprise act is considered**
17 **issued, made, or taken by the bureau for purposes of this section.**

18 (c) ~~(b)~~ "Certificate" means the document issued by the
19 ~~Michigan strategic fund~~ **bureau** to an applicant under subsection
20 (6) (a) that certifies or otherwise establishes that the facility
21 developed, owned, and operated by the applicant or an affiliate of
22 the applicant, or to be developed, owned, and operated by the
23 applicant or an affiliate of the applicant, and identified in that
24 document qualifies as an enterprise data center under this section.

25 (d) ~~(c)~~ "Colocated business" means a person that has entered
26 into a contract with the owner or operator of a qualified data
27 center to use or deploy data center equipment physically located
28 within the qualified data center for a period of 1 or more years.

29 (e) ~~(d)~~ "Data center equipment" means only computers, servers,

1 routers, switches, peripheral computer devices, racks, shelving,
 2 cabling, wiring, storage batteries, back-up generators,
 3 uninterrupted power supply units, environmental control equipment,
 4 other redundant power supply equipment, and prewritten computer
 5 software used in operating, managing, or maintaining the qualified
 6 data center or enterprise data center or the business of the
 7 qualified data center or a colocated business. Data center
 8 equipment also includes any construction materials used or
 9 assembled for the construction or modification of an enterprise
 10 data center or, under the qualified data center's proprietary
 11 method, for the construction or modification of a qualified data
 12 center, including, but not limited to, building materials,
 13 infrastructure, machinery, wiring, cabling, devices, tools, and
 14 equipment that would otherwise be considered a fixture or related
 15 equipment. Data center equipment does not include any equipment
 16 owned by a third party that is used to supply the qualified data
 17 center's primary power.

18 (f) ~~(e)~~ "Enterprise data center" means, subject to subdivision
 19 ~~(f)~~, ~~(g)~~, a facility that the ~~Michigan strategic fund~~ **bureau**
 20 determines meets, or is expected to meet within the time frame set
 21 forth in the certificate, all of the following requirements:

22 (i) The facility is located in this state.

23 (ii) The facility is composed of 1 or more buildings.

24 (iii) The facility is designed and intended for housing, and
 25 does house, data center equipment to centralize the storage and
 26 processing of data.

27 (iv) The aggregate capital investment in the facility described
 28 in this subdivision made by the qualified entity, and any of its
 29 affiliates that will develop, own, and operate the facility, is not

1 less than \$250,000,000.00. As used in this subparagraph, "aggregate
2 capital investment" means the capital investment made and
3 maintained in the facility to the extent that investment results in
4 an increase in the total capital investment that the qualified
5 entity and its affiliates, in the aggregate, maintain in this state
6 when compared to the total capital investment that the qualified
7 entity and its affiliates, in the aggregate, maintained in this
8 state before issuance of the certificate, as determined and
9 verified by the ~~Michigan strategic fund~~.bureau.

10 (v) The qualified entity and any of its affiliates, in the
11 aggregate, create and maintain a minimum of 30 qualified new jobs
12 in this state with an annual wage that is equal to 150% or more of
13 the prosperity region median wage through December 31, 2050 or, for
14 a facility that is located on the property included in a brownfield
15 plan under the brownfield redevelopment financing act, 1996 PA 381,
16 MCL 125.2651 to 125.2670, or on property that was once an
17 industrial site used primarily as a power plant to generate
18 electricity for sale, through December 31, 2065. As used in this
19 subparagraph:

20 (A) "Prosperity region" means each of the 10 prosperity
21 regions identified by the department of technology, management, and
22 budget on August 25, 2017.

23 (B) "Prosperity region median wage" means the median annual
24 wage for the prosperity region where the facility is located based
25 on the most recent data made available by the Michigan bureau of
26 labor market information and strategic initiatives.

27 (C) "Qualified new job" means a full-time job created by the
28 qualified entity or its affiliates at the facility that is in
29 excess of the number of full-time jobs that the applicant and its

1 affiliates maintained in this state before issuance of the
2 certificate, as determined and verified by the ~~Michigan strategic~~
3 ~~fund-bureau~~.

4 (vi) Except as otherwise provided in this subparagraph, the
5 facility does not receive and, through the applicable date, will
6 not receive any state or local property tax benefit, including, but
7 not limited to, property tax benefits available under the general
8 property tax act, 1893 PA 206, MCL 211.1 to 211.155, the Michigan
9 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, and
10 1974 PA 198, 207.551 to 207.572. This subparagraph does not apply
11 if the governing body of each local unit of government affected by
12 the property tax benefit approves the receipt of the property tax
13 benefit by resolution. As used in this subparagraph:

14 (A) "Applicable date" means the date specified in sub-sub-
15 subparagraph (I) or (II), as applicable:

16 (I) For a facility that is located on the property included in
17 a brownfield plan under the brownfield redevelopment financing act,
18 1996 PA 381, MCL 125.2651 to 125.2670, or on property that was once
19 an industrial site used primarily as a power plant to generate
20 electricity for sale, December 31, 2065.

21 (II) For any facility not described in sub-sub-subparagraph
22 (I), December 31, 2050.

23 (B) "Governing body" means the body in which the legislative
24 powers of a local unit of government are vested.

25 (C) "Local unit of government" means a city, village,
26 township, or county.

27 (D) "Property tax benefits" means any benefits that reduce the
28 property tax burden on the facility for purposes of encouraging
29 economic development, such as property tax exemptions, millage rate

1 or valuation reductions, and property tax capture, other than
2 property tax capture under a brownfield plan that has been approved
3 by the governing board under the brownfield redevelopment financing
4 act, 1996 PA 381, MCL 125.2651 to 125.2670, and that is in effect
5 at the time of the application under subsection (6)(a).

6 (vii) Not later than 3 years after being placed in service, the
7 facility will attain certification under, and the qualified entity
8 of the facility will certify to the ~~Michigan strategic fund~~ **bureau**
9 in accordance with subsection (6)(c) that the facility has obtained
10 certification under, 1 or more of the following green building
11 standards:

12 (A) BREEAM for New Construction or BREEAM for In-Use.

13 (B) ENERGY STAR.

14 (C) Envision.

15 (D) ISO 50001 - energy management.

16 (E) LEED for Building Design and Construction or LEED for
17 Operations and Maintenance.

18 (F) Green Globes for New Construction or Green Globes for
19 Existing Buildings.

20 (G) UL 3223.

21 (viii) On being placed in service, the facility will use
22 municipal water sourced from a municipal water system that has
23 available capacity to serve the facility, and a qualified entity or
24 its affiliates claiming the exemption will certify to the ~~Michigan~~
25 ~~strategic fund~~ **bureau** in accordance with subsection (6)(c) that
26 this requirement is met.

27 (ix) At the time an exemption is claimed under subsection (4),
28 the facility will have procured or will procure clean energy as
29 that term is defined in section 51 of the clean and renewable

1 energy and energy waste reduction act, 2008 PA 295, MCL 460.1051,
2 equivalent to 90% of the facility's forecasted electricity usage on
3 an annual basis, and a qualified entity or its affiliates claiming
4 the exemption will certify to the ~~Michigan strategic fund bureau~~ in
5 accordance with subsection (6)(c) that this requirement is met.

6 Demonstration that this requirement is met may be made by any of
7 the following and electric utilities, cooperative electric
8 utilities, and municipal utilities shall identify and, if
9 necessary, develop tariffs, contracts, and other mechanisms that
10 support the enterprise data center in making this demonstration:

11 (A) Self-supply through on-site generation that meets the
12 definition of renewable energy as that term is defined in section
13 11 of the clean and renewable energy and energy waste reduction
14 act, 2008 PA 295, MCL 460.1011.

15 (B) Long-term contract with the electric utility, cooperative
16 electric utility, or municipal utility serving the geographic area
17 where the facility is located, which ensures no costs to serve the
18 facility are passed onto other customers of the electric utility,
19 cooperative electricity utility, or municipal utility. This sub-
20 subparagraph shall not be interpreted to require the facility to be
21 allocated costs of network transmission upgrades that would
22 otherwise be allocated to other customers through the electric
23 utility, cooperative electric utility, or municipal utility's
24 generally applicable rate-making processes for the recovery of such
25 costs, such as power supply cost recovery proceedings under section
26 6j of 1939 PA 3, MCL 460.6j.

27 (C) Participation in a voluntary green pricing program as set
28 forth in section 61 of the clean and renewable energy and energy
29 waste reduction act, 2008 PA 295, MCL 460.1061.

(x) The facility will not take electric service under any of the following rates:

(A) The long-term industrial load rate established under section 10gg of 1939 PA 3, MCL 460.10gg, unless the designated power supply resource on which the long-term industrial load rate is based was placed in operation after January 1, 2024, and the rate is at least equivalent to the average industrial rate charged to other industrial customers of the electric utility that serves the facility.

(B) A tariff rate approved in Michigan Public Service Commission Case No. U-21160, U-21163, or U-21646.

(C) A rate that causes residential customers to subsidize the costs incurred to provide electric service to the facility.

(g) ~~(f)~~ Enterprise data center does not include a facility that the ~~Michigan strategic fund bureau~~ determines no longer meets, or is no longer expected to meet within the time frame set forth in the certificate, the requirements in subdivision ~~(e)~~. **(f)**.

~~(g) "Michigan economic development corporation" means that term as defined in section 4 of the Michigan strategic fund act, 1984 PA 270, MCL 125.2004.~~

(h) "Michigan strategic fund" means the Michigan strategic fund as described in ~~the Michigan strategic fund act, former~~ 1984 PA 270. ~~, MCL 125.2001 to 125.2094.~~

(i) "Qualified data center" means a facility composed of 1 or more buildings located in this state and the facility is owned or operated by an entity engaged at that facility in operating, managing, or maintaining a group of networked computers or networked facilities for the purpose of centralizing, or allowing 1 or more colocated businesses to centralize, the storage,

1 processing, management, or dissemination of data of 1 or more other
2 persons who is not an affiliate of the owner or operator of a
3 qualified data center or of a colocated business and the entity
4 receives 75% or more of its revenue from colocated businesses that
5 are not an affiliate of the owner or operator of the qualified data
6 center.

7 (j) "Qualified entity" means an applicant to whom a
8 certificate is issued for a particular enterprise data center
9 project under subsection (6)(a) and who is in compliance with the
10 requirements of subsections (5) and (6).

11 Enacting section 1. This amendatory act does not take effect
12 unless Senate Bill No. 631 of the 103rd Legislature is enacted into
13 law.