

SENATE BILL NO. 659

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

A bill to amend 2014 PA 92, entitled
"State essential services assessment act,"
by amending sections 3 and 9 (MCL 211.1053 and 211.1059), as
amended by 2016 PA 107.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 3. As used in this act:
- 2 (a) Except as otherwise provided in subparagraph (ii),
- 3 "acquisition cost" means that term as defined in subparagraph (i),
- 4 as follows:
- 5 (i) "Acquisition cost" means the fair market value of personal

1 property at the time of acquisition by the first owner, including
2 the cost of freight, sales tax, and installation, and other
3 capitalized costs, except capitalized interest. There is a
4 rebuttable presumption that the acquisition price paid by the first
5 owner for personal property, and any costs of freight, sales tax,
6 and installation, and other capitalized costs, except capitalized
7 interest, reflect the acquisition cost. For property described in
8 subdivision ~~(e) (i)~~ **(g) (i)** that prior to the current tax year was
9 exempt under section 7k of the general property tax act, 1893 PA
10 206, MCL 211.7k, under an industrial facilities exemption
11 certificate issued under 1974 PA 198, MCL 207.551 to 207.572, and
12 effective before January 1, 2013, which either has been extended
13 for property not yet exempt under section 9m or 9n of the general
14 property tax act, 1893 PA 206, MCL 211.9m and 211.9n, or had an
15 expiration date after the date the tax levied under this act is
16 due, and for property described in subdivision ~~(e) (iii)~~ **(g) (iii)** that
17 is exempt under an industrial facilities exemption certificate
18 issued under 1974 PA 198, MCL 207.551 to 207.572, and effective
19 before January 1, 2013, acquisition cost means 1/2 of the fair
20 market value of that personal property at the time of acquisition
21 by the first owner, including the cost of freight, sales tax, and
22 installation, and other capitalized costs, except capitalized
23 interest. The acquisition cost for personal property exempt under
24 the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to
25 125.2696, is \$0.00 except for the 3 years immediately preceding the
26 expiration of the exemption of that personal property under the
27 Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to
28 125.2696, during which period of time the acquisition cost for that
29 personal property means the fair market value of that personal

1 property at the time of acquisition by the first owner, including
2 the cost of freight, sales tax, and installation, and other
3 capitalized costs, except capitalized interest, multiplied by the
4 percentage reduction in the exemption as provided in section 9(3)
5 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2689.
6 The department may provide guidelines for circumstances in which
7 the actual acquisition price is not determinative of acquisition
8 cost and the basis of determining acquisition cost in those
9 circumstances. ~~When~~ **If** the acquisition cost, year of acquisition by
10 the first owner, or both are unknown, the department may provide
11 guidelines for estimating the acquisition cost and year of
12 acquisition by the first owner. The department may issue guidelines
13 that allow for the reduction of acquisition cost for property that
14 is idle, is obsolete or has material obsolescence, or is surplus.

15 (ii) Beginning with the 2017 assessment year, for property that
16 is construction in progress only, "acquisition cost" means 1/2 of
17 the fair market value at the time acquired by the first owner,
18 including the cost of freight, sales tax, and installation. For
19 property that is construction in progress, "acquired by" means the
20 year the property is first reported on the combined form as
21 prescribed in section 7(8) in the report of the fair market value
22 and year of acquisition by the first owner of qualified new
23 personal property or qualified previously existing personal
24 property.

25 (b) "Assessment" means the state essential services assessment
26 levied under section 5.

27 (c) "Assessment year" means the year in which the state
28 essential services assessment levied under section 5 is due.

29 **(d) "Bureau" means the bureau of fair competition and free**

1 enterprise created in section 7 of the economic development fair
2 competition and free enterprise act.

3 (e) "Department" means the department of treasury.

4 (f) ~~(d)~~—"Eligible claimant" means a person that claims an
5 exemption for eligible personal property.

6 (g) ~~(e)~~—"Eligible personal property" means all of the
7 following:

8 (i) Personal property exempt under section 9m or 9n of the
9 general property tax act, 1893 PA 206, MCL 211.9m and 211.9n.

10 (ii) Personal property that is eligible manufacturing personal
11 property as defined in section 9m of the general property tax act,
12 1893 PA 206, MCL 211.9m, and that is exempt under section 9f of the
13 general property tax act, 1893 PA 206, MCL 211.9f, which exemption
14 was approved under section 9f of the general property tax act, 1893
15 PA 206, MCL 211.9f, after 2013, unless both of the following
16 conditions are satisfied:

17 (A) The application for the exemption was filed with the
18 eligible local assessing district or Next Michigan development
19 corporation before August 5, 2014.

20 (B) The resolution approving the exemption states that the
21 project is expected to have total new personal property of over
22 \$25,000,000.00 within 5 years of the adoption of the resolution by
23 the eligible local assessing district or Next Michigan development
24 corporation.

25 (iii) Personal property subject to an extended industrial
26 facilities exemption certificate under section 11a of 1974 PA 198,
27 MCL 207.561a.

28 (iv) Personal property subject to an extended exemption under
29 section 9f(8)(a) of the general property tax act, 1893 PA 206, MCL

211.9f.

~~(f) "Fund board" means the board of directors of the Michigan strategic fund created under the Michigan strategic fund act, 1984 PA 270, MCL 125.2001 to 125.2094.~~

~~(g) "Michigan economic development corporation" means the Michigan economic development corporation, the public body corporate created under section 28 of article VII of the state constitution of 1963 and the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual interlocal agreement effective April 5, 1999, and subsequently amended, between local participating economic development corporations formed under the economic development corporations act, 1974 PA 338, MCL 125.1601 to 125.1636, and the Michigan strategic fund.~~

(h) "Michigan strategic fund" means the Michigan strategic fund created under ~~the Michigan strategic fund act,~~ **former** 1984 PA 270. ~~, MCL 125.2001 to 125.2094.~~

(i) "Next Michigan development corporation" means that term as defined under ~~the Next Michigan development act,~~ **former** 2010 PA 275. ~~, MCL 125.2951 to 125.2959.~~

~~(j) "Department" means the department of treasury.~~

Sec. 9. (1) The ~~fund board may adopt a resolution~~ **director of the bureau may issue an order** to exempt from the assessment under this act eligible personal property designated in the ~~resolution~~ **order** as provided in this section and described in subsection (3)(c) that is owned by, leased to, or in the possession of an eligible claimant. In the ~~resolution, the fund board order, the~~ **director of the bureau** may determine that the eligible personal property designated in the ~~resolution shall be~~ **order is** subject to the alternative state essential services assessment under the

alternative state essential services assessment act, **2014 PA 93,**
MCL 211.1071 to 211.1079. The ~~resolution shall not be approved if~~
director of the bureau must consult with the state treasurer, or
 his or her designee, ~~to the fund board, votes against the~~
~~resolution.~~**before issuing the order and shall not issue the order**
if the state treasurer objects to the order.

(2) An exemption under this section is effective in the
 assessment year immediately succeeding the year in which the ~~fund~~
~~board adopts the resolution~~**director of the bureau issues the order**
 under subsection (1) and ~~shall continue~~**continues** in effect for a
the period specified in the ~~resolution.~~**order.** A copy of the
~~resolution shall~~**order must** be filed with the department.

(3) The ~~fund board~~**bureau** shall provide for a detailed
 application, approval, and compliance process published and
 available on the ~~fund's~~**bureau's** website. The detailed application,
 approval, and compliance process ~~shall,~~**must,** at a minimum, contain
all of the following:

(a) An eligible claimant, or **until the effective date of the**
economic development fair competition and free enterprise act, a
 Next Michigan development corporation on behalf of an eligible
 claimant, may apply for an exemption to the assessment in a form
 and manner determined by the ~~fund board.~~**bureau.**

(b) After receipt of an application, the ~~fund~~**bureau** may enter
 into an agreement with an eligible claimant if the eligible
 claimant agrees to make certain investments of eligible personal
 property in this state.

(c) An eligible claimant shall present a business plan or
 demonstrate that a minimum of \$25,000,000.00 will be invested in
 additional eligible personal property in this state during the

1 duration of the written agreement.

2 (d) The written agreement ~~shall~~**must** provide in a clear and
3 concise manner all of the conditions imposed, including specific
4 time frames, on the eligible claimant, to receive the exemption to
5 the assessment under this section.

6 (e) The written agreement ~~shall~~**must** provide that the
7 exemption under this section is revoked if the eligible claimant
8 fails to comply with the provisions of the written agreement.

9 (f) The written agreement ~~shall~~**must** provide for a repayment
10 provision on the exemption to the assessment if the eligible
11 claimant fails to comply with the provisions of the written
12 agreement.

13 (g) The written agreement ~~shall~~**must** provide for an audit
14 provision that requires the ~~fund~~**bureau** to verify that the specific
15 time frames for the investment have been met.

16 (4) The ~~fund board~~**director of the bureau** shall consider the
17 following criteria to the extent reasonably applicable to the type
18 of investment proposed when approving an exemption to the
19 assessment:

20 (a) Out-of-state competition.

21 (b) Net-positive return to this state.

22 (c) Level of investment made by the eligible claimant.

23 (d) Business diversification.

24 (e) Reuse of existing facilities.

25 (f) Near-term job creation or significant job retention as a
26 result of the investment made in eligible personal property.

27 (g) Strong links to Michigan suppliers.

28 (h) Whether the project is in a local unit of government that
29 contains an eligible distressed area as that term is defined in

1 section 11 of the state housing development authority act of 1966,
2 1966 PA 346, MCL 125.1411.

3 (5) The ~~fund board, or the Michigan economic development~~
4 ~~corporation,~~ **bureau** may charge actual and reasonable fees for costs
5 associated with administering the activities authorized under this
6 section.

7 (6) **A resolution adopted by the board of directors of the**
8 **Michigan strategic fund before the effective date of the economic**
9 **development fair competition and free enterprise act remains valid**
10 **and must be treated in the same manner as an ordinance under this**
11 **section. A written agreement between the Michigan strategic fund**
12 **and an eligible claimant that is in effect on the effective date of**
13 **the economic development fair competition and free enterprise act**
14 **remains valid and must be treated in the same manner as a written**
15 **agreement between the bureau and an eligible claimant under this**
16 **section.**

17 Enacting section 1. This amendatory act does not take effect
18 unless Senate Bill No. ____ (request no. S03979'25) of the 103rd
19 Legislature is enacted into law.