

SUBSTITUTE FOR
SENATE BILL NO. 618

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
(MCL 211.1 to 211.155) by adding section 9p.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 9P. (1) SUBJECT TO SUBSECTION (2), BEGINNING DECEMBER 31,
2 2015 THROUGH DECEMBER 31, 2025, ELIGIBLE INTERNET DATA CENTER
3 PROPERTY IS EXEMPT FROM THE COLLECTION OF TAXES UNDER THIS ACT.
4 THIS EXEMPTION MAY BE CLAIMED ONLY BY A PERSON, INCLUDING, BUT NOT
5 LIMITED TO, A COLOCATED BUSINESS, THAT OWNS THE ELIGIBLE INTERNET
6 DATA CENTER PROPERTY AND THAT OWNS, LEASES, OR OTHERWISE OCCUPIES
7 ALL OR PART OF THE INTERNET DATA CENTER IN WHICH THE ELIGIBLE
8 INTERNET DATA CENTER PROPERTY IS LOCATED.
9 (2) THE EXEMPTION DESCRIBED IN SUBSECTION (1) APPLIES ONLY IF
10 EITHER OF THE FOLLOWING OCCURS:

1 (A) FOR AN INTERNET DATA CENTER IN WHICH THE ELIGIBLE INTERNET
2 DATA CENTER PROPERTY IS LOCATED THAT WAS IN OPERATION BEFORE
3 JANUARY 1, 2016, THE GOVERNING BODIES OF THE LOCAL TAX COLLECTING
4 UNIT AND THE COUNTY IN WHICH THE INTERNET DATA CENTER IS LOCATED
5 FAIL TO ADOPT RESOLUTIONS REJECTING THE EXEMPTION DESCRIBED IN
6 SUBSECTION (1) BEFORE APRIL 1, 2016.

7 (B) FOR AN INTERNET DATA CENTER IN WHICH THE ELIGIBLE INTERNET
8 DATA CENTER PROPERTY IS LOCATED THAT BEGINS OPERATION AFTER
9 DECEMBER 31, 2015, THE GOVERNING BODIES OF THE LOCAL TAX COLLECTING
10 UNIT AND THE COUNTY IN WHICH THE INTERNET DATA CENTER IS LOCATED
11 ADOPT RESOLUTIONS APPROVING A REQUEST FOR THE EXEMPTION DESCRIBED
12 IN SUBSECTION (1) BY NOT LATER THAN MARCH 31 OF THE FIRST YEAR THAT
13 THE ELIGIBLE INTERNET DATA CENTER PROPERTY WOULD BE MADE SUBJECT TO
14 THE COLLECTION OF TAXES UNDER THIS ACT ABSENT THOSE RESOLUTIONS.

15 (3) AS USED IN THIS SECTION:

16 (A) "COLOCATED BUSINESS" MEANS A PERSON THAT ENTERS INTO A
17 CONTRACT WITH THE OWNER OR OPERATOR OF AN INTERNET DATA CENTER TO
18 PHYSICALLY USE OR OCCUPY ALL OR PART OF THE INTERNET DATA CENTER
19 FOR A PERIOD OF 1 OR MORE YEARS FOR THE PURPOSE DESCRIBED IN
20 SUBDIVISION (E).

21 (B) "COMMERCIAL PERSONAL PROPERTY" MEANS PERSONAL PROPERTY
22 THAT IS CLASSIFIED AS COMMERCIAL PERSONAL PROPERTY UNDER SECTION
23 34C OR WOULD BE CLASSIFIED AS COMMERCIAL PERSONAL PROPERTY UNDER
24 SECTION 34C IF NOT EXEMPT FROM THE COLLECTION OF TAXES UNDER THIS
25 ACT UNDER THIS SECTION.

26 (C) "ELIGIBLE INTERNET DATA CENTER PROPERTY" MEANS PROPERTY
27 THAT IS INDUSTRIAL PERSONAL PROPERTY OR COMMERCIAL PERSONAL

1 PROPERTY AND IS DIRECTLY USED TO OPERATE, MAINTAIN, OR MANAGE THE
2 BUSINESS OF AN INTERNET DATA CENTER OR A COLOCATED BUSINESS.

3 (D) "INDUSTRIAL PERSONAL PROPERTY" MEANS PERSONAL PROPERTY
4 THAT IS CLASSIFIED AS INDUSTRIAL PERSONAL PROPERTY UNDER SECTION
5 34C OR WOULD BE CLASSIFIED AS INDUSTRIAL PERSONAL PROPERTY UNDER
6 SECTION 34C IF NOT EXEMPT FROM THE COLLECTION OF TAXES UNDER THIS
7 ACT UNDER THIS SECTION.

8 (E) "INTERNET DATA CENTER" MEANS A FACILITY THAT SATISFIES ALL
9 OF THE FOLLOWING:

10 (i) THE FACILITY PHYSICALLY HOUSES NETWORKED COMPUTERS SERVERS
11 ASSEMBLED FOR THE PURPOSE OF CENTRALIZING THE STORAGE, PROCESSING,
12 MANAGEMENT, OR DISSEMINATION OF DATA OWNED OR CONTROLLED BY THE
13 CUSTOMERS OF THE INTERNET DATA CENTER.

14 (ii) THE FACILITY IS SPECIFICALLY DESIGNED AND CONSTRUCTED TO
15 PROVIDE A HIGH-SECURITY ENVIRONMENT FOR THE LOCATION OF SERVERS AND
16 SIMILAR EQUIPMENT.

17 (iii) THE FACILITY IS OWNED OR OPERATED BY AN ENTITY WHOSE
18 PRIMARY BUSINESS, OR THE PRIMARY BUSINESS OF ITS PARENT COMPANY, IS
19 THAT OF AN INTERNET DATA CENTER AND THAT ENTITY GENERATES 75% OR
20 MORE OF ITS REVENUE FROM THE OPERATIONS AND BUSINESS OF AN INTERNET
21 DATA CENTER.