



# MEMORANDUM

To: Members of the House Committee on Commerce & Tourism

From: Michigan Association of School Boards  
Michigan Education Association  
Michigan Association of Superintendents & Administrators  
Michigan Association of Intermediate School Administrators  
AFT Michigan  
Michigan Association of Secondary School Principals  
Middle Cities Education Association  
Michigan Elementary and Middle School Principals Association

RE: Opposition to Senate Bill 455

Date: Sept 26, 2019

As public education organizations, we are writing today to ask you to oppose Senate Bill 455. This bill is was referred to your committee on Sept 24. It would allow a single company, Switch, to be granted relief from taxes that go to support school operations and facilities. While this bill is narrowly written, it will have a negative fiscal impact on the local schools and sets a bad precedent.

According to the Senate Fiscal Agency, the bills would impact school funding by \$373,000 (not accounting for retroactivity) with the liability potentially growing upwards to \$20.9 million if they hit development targets discussed in various media reports.

Under Switch's Renaissance Zone agreement (and all Renaissance Zone agreements in the state), it states "The Company and the Owner acknowledge that the benefits provided under MCL 125.2689 (Renaissance Zones) do not include relief from the payment of certain property taxes relating to bonds, school sinking fund obligations and special assessments described in MCL 211.7ff." It's important to note SB 455 amends MCL 211.7ff.

When the co-located data center bills were passed in 2015, the bill exempting them from property taxes was not signed into law. Only the sales and use tax exemptions were passed. Much of the discussion at the time centered on "holding schools harmless," we feel passage of this legislation would break that commitment.

We also want to express concerns with the larger picture, this continued erosion of revenue streams to our local schools will only harm investment in our classrooms. And if this bill becomes law, it could lead to other companies asking for similar exemptions.

We urge you not to bring Senate Bill 455 up for a hearing in your committee and support proper funding for our schools. If you have any questions, feel free to contact any of the organizations listed.