

MICHIGAN STRATEGIC FUND

RESOLUTION 2026-006

**APPROVAL OF THE AMENDED STATE ESSENTIAL SERVICES ASSESSMENT
EXEMPTION AND ALTERNATIVE STATE ESSENTIAL SERVICES ASSESSMENT
EXEMPTION PROGRAM GUIDELINES**

WHEREAS, on August 5, 2014, the qualified electors of the State of Michigan approved legislation to revise the personal property tax system. The approval also enacted 2014 PA 92 and 2014 PA 93, the State Essential Services Assessment Act (“SESA”) and the Alternative State Essential Services Assessment Act (“Alternative SESA”);

WHEREAS, the SESA and the Alternative SESA authorized the creation and operation of the SESA and Alternative SESA Exemption Program by the Michigan Strategic Fund (“MSF”) pursuant to MCL 211.1059;

WHEREAS, on October 28, 2014, via MSF Resolution 2014-176, the MSF adopted guidelines for the creation and operation of the SESA and Alternative SESA Exemption Programs (the “Guidelines”);

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF for the SESA and Alternative SESA Exemption Programs;

WHEREAS, the MEDC recommends the MSF adopt the amended guidelines attached as Exhibit A to this resolution to govern the SESA and Alternative SESA Exemption Programs (the “Amended SESA Guidelines”).

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Amended SESA Guidelines; and

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager to negotiate the final terms and conditions of and to execute any documents to effectuate the Amended SESA Guidelines on behalf of the MSF.

Ayes: Dr. Brittany Affolter-Caine, Christin Armstrong (on behalf of Chairman Messer; designation attached), Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wiefelich, designation attached), Susan Tellier, Randy Thelen

Nays: None

Recused: None

Lansing, Michigan
January 27, 2026

Michigan Strategic Fund

State Essential Services Assessment (SESA) Exemption & Alternative SESA Program Guidelines

Overview

On August 5, 2014, the qualified electors of the State of Michigan approved the legislation to revise the personal property tax system. This revision took effect January 1, 2015. The approval also enacted Public Act 92 of 2014 and Public Act 93 of 2014, the State Essential Services Assessment Act (“SESA”) and the Alternative State Essential Services Assessment Act (“Alternative SESA”).

SESA Act & Alternative SESA Act Definitions & Overview

The Michigan Strategic Fund (MSF) Board may authorize State Essential Services Assessment (SESA) Exemptions for qualifying investment(s) of \$25 million or more in Eligible Personal Property owned by, leased to, or in the possession of an Eligible Claimant. Eligibility and approval of the SESA Exemptions are made at the discretion of the MSF Board.

The MSF Board may determine that Eligible Personal Property exempt from the SESA is subject to the Alternative SESA.

Definitions

An Eligible Claimant is a person that claims an exemption for Eligible Personal Property.

Eligible Personal Property means all of the following:

- Personal property exempt under section 9m or 9n of the general property tax act (1893 PA 206, MCL211.9m and 211.9n);
- Personal property exempt under section 9f of the general property tax act (1893 PA 206, MCL 211.9f), which exemption was approved under section 9f of the general property tax act (1893 PA 206, MCL211.9f) after 2013, unless both of the following conditions were satisfied:
 - The application for the exemption was filed with the eligible local assessing district or the Next Michigan Development Corporation before August 5, 2014;
 - The resolution approving the exemption states that the project is expected to have total new personal property of over \$25 million within 5 years of the

adoption of the resolution by the eligible local assessing district or Next Michigan Development Corporation.

- Personal property subject to an extended industrial facilities exemption certificate under section 11a of 1974 PA 198, MCL 207.561a; and
- Personal property subject to an extended exemption under section 9f(8) of the general property tax act (1893 PA 206, MCL 211.9f).

Eligible Distressed Areas are those cities, villages and townships that exhibit higher than statewide average levels of economic distress, as defined under the Michigan State Housing Development Authority Act (Section 11 of Public Act 346 of 1966).

Geographically Disadvantaged Business Enterprises, was defined in Executive Directive 2019-8 as a person or entity that satisfies one or more of the following: (i) Is certified as a HUBZone Small Business Concern by the United States Small Business Administration. (ii) Has a principal place of business located within a Qualified Opportunity Zone within Michigan, or (iii) More than half of its employees have a principal residence located within a Qualified Opportunity Zone within Michigan, or both. These areas will collectively be referred to as Geographically Disadvantaged Areas (GDAs).

Administration of the Exemption and Required Terms and Conditions

All MSF Board support shall be memorialized by board resolution and a final written agreement. The resolution shall not be approved if the state treasurer, or their designee to the MSF Board, votes against the resolution.

The MSF shall enter into a final written agreement with the Eligible Claimant with terms and conditions in accordance with the SESA Exemption legislation and Program Guidelines and otherwise satisfactory to the MSF Board. The written agreement shall include at a minimum all conditions imposed upon the Eligible Claimant; the specific timeframe during which the Eligible Claimant can receive the SESA Exemption; revocation and repayment requirements if the Eligible Claimant does not comply with the written agreement; and an audit provision that allows for the verification of the timely completion or satisfaction of the agreement requirements and investment.

Considerations for granting a SESA Exemption or Alternative SESA shall include the following to the extent reasonably applicable to the type of investment proposed and may include any other considerations satisfactory to the MSF Board:

- Out-of-state competition

- Net-positive return to this state
- Level of investment made by the Eligible Claimant
- Business diversification
- Reuse of existing facilities
- Near-term job creation or significant job retention as a result of the investment made in Eligible Personal Property
- Strong links to Michigan suppliers
- Employee wages in relation to prosperity region median wage
- Location of project within an Eligible Distressed Area (EDAs) and those businesses considered Geographically Disadvantaged Business Enterprises (GDBE).

The MSF or Michigan Economic Development Corporation (MEDC) may charge actual and reasonable fees for costs associated with administering the program.

MSF SESA Exemption & Alternative SESA Additional Requirements and Eligibility Criteria

The MSF Board will consider SESA Exemptions and Alternative SESAs for Eligible Claimants that will be making major qualifying investments for job creation or retention projects in Michigan.

Qualifying investments must be made after MSF approval and completed within a defined Investment period of the project.

SESA Exemption terms for projects located in EDAs and GDAs and Alternative SESA terms in non-distressed areas shall be as follows:

- Projects that result in qualifying investments of \$25 million to \$50 million qualify for a 5-year SESA Exemption or Alternative SESA.
- Projects that result in qualifying investments of \$50 million to \$100 million qualify for a 10-year SESA Exemption or Alternative SESA.
- Projects that result in qualifying investments greater than \$100 million qualify for a SESA Exemption or Alternative SESA of up to 15 years.

The MEDC will provide administrative services to the MSF for the program, including conducting due diligence, managing compliance processes, and coordinating pre-closing background checks as may be required by the chief compliance officer.

All SESA Exemptions and Alternative SESAs authorized will be performance based. The MEDC will require annual reporting of data, financial information, and any other

information required to facilitate reporting to the MSF Board, Department of Treasury, and Michigan legislature.

The MSF or MEDC may charge and collect reasonable administrative fees to effectuate the application and compliance processes. Those fees are as follows:

Application Fee - \$5,000.00

Annual Administrative Fee - 1% of the estimated exemption value. The administration fee may be divided annually until the end of the term.

Amendment Fee - \$5,000 per occurrence

Late Reporting Fee - \$5,000.00 per occurrence

Late Annual Administrative Fee Payment - \$5,000.00 per occurrence



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

Ms. Rhonda Bishop
Board Relations Liaison
Michigan Strategic Fund Office
300 N. Washington Square
Lansing, Michigan 48913

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

February 3, 2025

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Christin Armstrong

To Whom It May Concern:

I hereby confirm my designation of Christin Armstrong as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

Sincerely,

Quentin L. Messer, Jr.
Chief Executive Officer, Michigan Economic Development Corporation

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