MICHIGAN STRATEGIC FUND

MEMORANDUM

Date: October 30, 2026

To: Sen. Sarah Anthony, Chair, Senate Appropriations Committee
Sen. Jon Bumstead, Minority Vice Chair, Senate Appropriations Committee
Sen. Mary Cavanagh, Chair, Senate Appropriations LEO/MEDC Subcommittee
Sen. Mark Huizenga, Minority Vice Chair, Senate Appropriations LEO/MEDC Subcommittee
Rep. Ann Bollin, Chair, House Appropriations Committee
Rep. Nancy Jenkins-Arno, Chair, House Appropriations Labor and Economic Opportunity Subcommittee
Rep. Jasper Martus, Minority Vice Chair, House Appropriations Labor and Economic Opportunity Subcommittee

From: Quentin L. Messer, Jr., President, Michigan Strategic Fund
Rachael Eubanks, State Treasurer, Michigan Department of Treasury

Subject: 2026 MEGA and Other Certificated Credits Annual Report – Public Act 21 of 2026, Sections 520 and 941

Sections 520 and 941 of Public Act 21 of 2026, the Fiscal Year 2027 Omnibus Budget, require the Michigan Department of Treasury and the Michigan Strategic Fund to report the annual cost of the Michigan Economic Growth Authority (MEGA) tax credits. The report must include each year the board approved credit amount, adjusted for credit amendments, and the actual and projected value of tax credits for each year from 1995 to the expiration of the credit program. For years in which credit claims are complete, the report must include the total actual certificated credit amounts. For years with pending or unsubmitted claims, the report must include a combination of available actual credits and projected credits. The projected credits must be based on updated estimates of employees, wages, and benefits for eligible companies.

Additionally, the report must include the annual cost of all other certificated credits by program for each year until the credits expire or can no longer be collected, including estimates for the brownfield redevelopment credit, film credits, MEGA photovoltaic credit, MEGA polycrystalline silicon manufacturing credit, MEGA vehicle battery credit, and other certificated credits.

Pursuant to these requirements, attached is the 2026 annual report. For questions, please contact the Michigan Economic Development Corporation's Office of Legislative

Affairs at medcgovrelations@michigan.org. You may also contact the Michigan Department of Treasury at TreasORTA@michigan.gov.

Attachment

cc: Members, Senate and House Appropriations Committees
Members, Senate and House Appropriations Subcommittee on Labor and Economic Opportunity
Directors, Senate and House Fiscal Agencies
Senate and House Policy Offices
Director, State Budget Office

2026 MEGA and Other Certificated Credits Annual Report

As required in Sections 520 and 941 of Public Act 21 of 2026, the following tables address the certificated credits annual cost reporting requirements for the Michigan Strategic Fund (MSF) and the Michigan Department of Treasury for fiscal year (FY) 2026 beginning October 1, 2025 through September 30, 2026.

With the repeal of the Michigan Business Tax (MBT) for most businesses beginning in 2012, no new Michigan Economic Growth Authority (MEGA) tax credits have been awarded since 2011. Table 1 contains the actual number and value of MEGA tax credit certificates issued since the program began, as well as the remaining projected liability of these credits through the end of the agreement terms and are presented by company tax year. The certificates issued information is comprised of actual certificates issued by the MSF through September 30, 2026. These credits may not yet have been submitted to the Michigan Department of Treasury for processing as companies have up to four years after the date the original tax return is due to file an amended return and receive the benefit of the MEGA credit.

The estimated remaining liability is calculated using the number of qualified jobs, wage, and healthcare costs obtained from the most recent annual certificate application submitted by an eligible business. Growth factors provided by the Michigan Department of Treasury are used to project the credit value through the end of the MEGA term defined in each individual company agreement. These costs are then multiplied by the personal income tax rate factor resulting in the remaining estimated liability to the State of Michigan.

Table 2 contains the projected liability by tax year in which the MEGA tax credits described above will be earned. In addition, it contains the annual estimated cost by tax year, by program, for vehicle battery, brownfield redevelopment, farmland preservation, film, and other certificated credits, as required in Sections 520(2) and 941(2).

Table 3 reflects estimates by the fiscal year in which the certificated credits will be submitted to the Michigan Department of Treasury and refunded.

The tax year table (Table 2) begins with Tax Year 2016 and has total credits of $7,293.2 million, whereas the fiscal year table (Table 3) begins with FY 2016 and has total credits of $8,747 million. The difference in certificated credits between these two tables is due to differences in the timing of the credits on a tax year versus a fiscal year basis. The tax year table breaks down the outstanding credits by the year in which the business activity that qualifies for the credit will occur and the fiscal year table breaks down the credits by the fiscal year in which the credits will be filed with the Michigan Department of Treasury and the refunds will be paid. Certificated credits are not earned and refunded in the same year. Once business activity that qualifies for a credit is completed, the business must apply for the credit with the MSF, and the MSF must approve the credit and issue a credit certificate. The business must then file the

certificate with the Michigan Department of Treasury to claim the credit and receive a refund or reduce its tax liability.

The Brownfield Redevelopment Tax Credit program was eliminated on December 31, 2011. There have been no new credits issued since that time. As of September 30, 2026, the total outstanding unclaimed credit liability is approximately $11.5 million. A certificate of completion is issued by Michigan Economic Development Corporation staff on behalf of the MSF upon verification of eligible investment and project completion. A certificate of completion is utilized by the qualified taxpayer to file with the Michigan Department of Treasury to claim the Brownfield Redevelopment Tax Credit.

There was potential for brownfield credits to be amended to extend their approved timeframe from five years to 10 years. A timeframe extension to 10 years did not increase the overall liability. Outstanding liability accounted for both single phase and multi-phase credits within the 10-year statutory timeframe. There is one multi-phase credit and one stand-alone credit outstanding. Both credits have a statutory expiration date of December 31, 2026. If a multi-phase credit project is not completed in its entirety for all approved phases, any previously claimed credit is repayable as a penalty to the Michigan Department of Treasury.

The film credit program was eliminated in 2011, and no new credits have been issued since then. There is $27.4 million in outstanding film credits that have yet to be claimed; however, it is estimated that these credits will not be claimed because the projects were not pursued for various reasons. There is no expiration date for these credits.

Table 1

Estimated MEGA Tax Credit Liability
September 30, 2026

Company Tax Year	Proposed Value at Time of Approval	# of Certificates Issued	Value of Certificates Issued	Estimated # of Certificates	Estimated Remaining Liability
1996	$1,360,000	4	$955,674		
1997	$4,369,463	11	$3,046,758		
1998	$8,585,635	17	$5,991,499		
1999	$14,772,025	30	$10,344,388		
2000	$25,926,081	39	$13,306,425		
2001	$42,126,619	49	$18,987,919		
2002	$60,729,979	55	$23,837,437		
2003	$76,528,730	56	$28,089,316		
2004	$94,781,033	75	$44,535,996		
2005	$130,557,279	92	$64,879,452		
2006	$155,519,214	111	$82,390,343		
2007	$195,197,030	141	$110,055,988		
2008	$212,264,347	125	$108,308,008		
2009	$236,043,139	126	$81,668,046		
2010	$283,095,252	165	$128,494,643		
2011	$351,826,593	216	$256,006,991		
2012	$473,693,408	196	$376,987,567		
2013	$581,025,206	161	$463,826,295		
2014	$555,189,347	147	$490,414,553		
2015	$618,723,180	129	$510,361,182		
2016	$581,629,528	91	$517,008,581		
2017	$570,354,175	60	$512,430,304		
2018	$522,244,733	44	$496,905,265		
2019	$502,330,952	31	$523,618,108		
2020	$484,721,994	23	$516,569,272		
2021	$430,930,234	18	$489,352,701		
2022	$422,927,057	12	$504,561,064		
2023	$404,097,820	10	$514,083,701		
2024	$395,868,917	5	$503,359,906	3	$8,155,731
2025	$365,280,649	2	$1,692,454	6	$523,311,125
2026	$363,944,941			5	$354,169,821
2027	$254,619,845			3	$358,797,002
2028	$260,679,208			3	$366,480,204
2029	$257,023,524			3	$380,130,009
2030	$102,866,000			1	$1,341,330
2031	$105,389,000				
2032	$102,085,000				
Total	**$10,249,307,136**		**$7,402,069,836**		**$1,992,385,221**

Table 2

ESTIMATES OF OUTSTANDING CERTIFICATED CREDITS BY TAX YEAR IN WHICH THEY WILL BE EARNED

(dollars in millions)

Tax Year	Battery	Brownfield	Farmland Preservation	Film[1]	Historic Preservation	MEGA/ Polycrystalline	Ren Zones	Total Credits
2016	$46.8	$49.3	$2.8	$0.0	$17.8	$557.1	$13.1	$686.8
2017	$0.0	$34.2	$1.8	$0.0	$6.8	$568.4	$20.1	$631.3
2018	$0.0	$30.6	$1.9	$0.0	$8.8	$548.2	$41.0	$630.5
2019	$0.0	$15.0	$1.5	$0.0	$10.7	$567.0	$16.8	$611.0
2020	$0.0	$15.4	$1.5	$0.0	$14.2	$585.0	$4.3	$620.5
2021	$0.0	$14.9	$1.5	$0.0	$6.8	$531.6	$2.5	$557.3
2022	$0.0	$6.6	$1.5	$0.0	$0.0	$513.5	$1.8	$523.5
2023	$0.0	$3.8	$1.5	$0.0	$0.0	$515.0	$1.3	$521.6
2024	$0.0	$0.0	$1.5	$0.0	$0.0	$510.1	$2.6	$514.2
2025	$0.0	$0.0	$1.5	$0.0	$0.0	$523.3	$1.3	$526.1
2026	$0.0	$0.0	$1.5	$0.0	$0.0	$354.2	$0.6	$356.3
2027	$0.0	$0.0	$1.5	$0.0	$0.0	$358.8	$0.0	$360.3
2028	$0.0	$0.0	$1.5	$0.0	$0.0	$366.5	$0.0	$368.0
2029	$0.0	$0.0	$1.5	$0.0	$0.0	$380.1	$0.0	$381.6
2030	$0.0	$0.0	$1.5	$0.0	$0.0	$1.3	$0.0	$2.8
2031	$0.0	$0.0	$1.5	$0.0	$0.0	$0.0	$0.0	$1.5
Total from 2016 to 2031	$46.8	$169.8	$26.0	$0.0	$65.1	$6,880.1	$105.5	$7,293.2

Source: Estimates based on best information available on current agreements from Michigan Economic Development Corporation, with some supplemental data from the Michigan Department of Treasury.

(1) Excluded from this estimate are $27.4 million in film credits for approved projects. The projects are not yet successfully completed.

Table 3

ESTIMATES OF OUTSTANDING CERTIFICATED CREDITS BY FISCAL YEAR IN WHICH THEY WILL BE SUBMITTED TO TREASURY & REFUNDED

(dollars in millions)

Fiscal Year	Battery	Brownfield	Farmland Preservation	Film[(1)]	Historic Preservation	MEGA/ Polycrystalline	Ren Zones	Total Credits
2016	$150.7	$95.1	$1.9	$1.5	$17.2	$633.9	$24.5	$924.8
2017	$98.4	$29.3	$2.8	$3.6	$21.4	$534.7	$13.8	$704.1
2018	$10.6	$55.6	$1.8	$0.0	$12.9	$635.2	$10.9	$727.0
2019	$0.0	$22.3	$1.7	$0.0	$3.2	$586.9	$47.8	$661.9
2020	$0.0	$13.2	$1.9	$0.0	$0.2	$584.5	$20.7	$620.5
2021	$0.0	$24.5	$1.6	$0.0	$8.5	$454.1	$4.9	$493.6
2022	$0.0	$8.7	$1.7	$0.0	$6.8	$534.9	$2.6	$554.7
2023	$0.0	$11.1	$1.5	$0.0	$4.8	$512.3	$2.2	$531.9
2024	$0.0	$0.0	$1.2	$0.0	$0.0	$507.8	$0.7	$509.7
2025	$0.0	$0.0	$2.3	$0.0	$0.0	$506.2	$3.0	$511.5
2026	$0.0	$0.0	$1.8	$0.0	$0.0	$510.1	$1.5	$513.4
2027	$0.0	$0.0	$1.5	$0.0	$0.0	$523.3	$0.8	$525.6
2028	$0.0	$0.0	$1.5	$0.0	$0.0	$354.2	$0.0	$355.7
2029	$0.0	$0.0	$1.5	$0.0	$0.0	$358.8	$0.0	$360.3
2030	$0.0	$0.0	$1.5	$0.0	$0.0	$366.5	$0.0	$368.0
2031	$0.0	$0.0	$1.5	$0.0	$0.0	$380.1	$0.0	$381.6
2032	$0.0	$0.0	$1.5	$0.0	$0.0	$1.3	$0.0	$2.8
Total from FY 2016 to FY 2032	$259.7	$259.8	$29.2	$5.1	$75.0	$7,984.8	$133.4	$8,747.0

Source: Estimates based on best information available on current agreements from Michigan Economic Development Corporation, with some supplemental data from the Michigan Department of Treasury.

Notes: The total certificated credits on a fiscal year basis, as presented in this table, are greater than the certificated credits on a tax year basis, as presented in Table 2 due to the difference in the timing of when the credit-qualifying activity occurs in a particular tax year and when the business actually files a credit certificate with the Department of Treasury. As a result of these timing differences, the credits on a fiscal year basis presented in this table includes some credits that were earned prior to tax year 2016.

(1) Excluded from this estimate are $27.4 million in film credits for approved projects. The projects are not yet successfully completed.