Honorable Members of the Senate Michigan Competitiveness Committee,

As a tax paying citizen of Michigan, I must oppose Senate Bills 616, 617, and 618.

The obvious problem with these bills is that they amount to picking winners and losers. If enacted into law, data center operators, as well as "colocated businesses", would be exempt from sales, use, and personal property taxes related to data center operations. The end result is that Joe Taxpayer, as well as business owners not in the industry, are relegated to "holding the bag" on filling the state coffers.

However, as bad as industry specific exemptions may be on their own, it's worse when the exemptions have been designed to benefit a particular company - in this case, Switch. It's been made abundantly clear that Switch will only start work on a Michigan location if these bills pass. Further, as someone who works in the industry, the definition of a "colocated business" seems to be tailored to what I would imagine to be their usual contractual terms with customers:

"COLOCATED BUSINESS" MEANS A PERSON THAT HAS ENTERED INTO A CONTRACT WITH THE OWNER OR OPERATOR OF A DATA CENTER TO USE OR DEPLOY DATA CENTER EQUIPMENT IN THIS STATE FOR A PERIOD OF 2 OR MORE YEARS.

I sincerely doubt that such a specific definition would have been envisioned by the sponsors.

Furthermore, Birgit Klohs, CEO of *The Right Place Inc.*, stated in an interview with *WZZM* that: "So hopefully, we have a House and a Senate that understand that this is a once in a lifetime deal to position Michigan on the digital highway." This is an interesting statement, considering that there are data center operators in the state that have been around for a number of years now, such as *Liquid Web* and *ACD*.

Of course, the key argument for these tax exemptions is that they will incentivize companies to move and expand operations in Michigan. Certainly, it is a good thing to have increased economic growth in the state - however, these incentives to growth shouldn't be targeted to particular industries or companies.

Many proponents of this argument seem to ignore the fact that we have laws on the books that actually disincentivize companies from conducting business in the state. A prime example of this is prohibiting auto manufacturers from directly selling to customers (see MCL 445.1574). This happens to be the sales model that *Tesla* uses. If the legislature wants to argue that these incentives are needed to draw particular businesses to the state, it seems the least they could do is simultaneously eliminate disincentives for other industries.

In consideration of the targeted exemptions that Senate Bills 616, 617, and 618 would bring about, one must ask the question: "Why do we only want to incentivize growth for a particular industry or company instead of growth for all industries in Michigan"?

I honestly cannot think of a valid answer to this question.

Very truly yours,

Jason Gillman Jr.
Dimondale, MI