



STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

GRETCHEN WHITMER
GOVERNOR

GARLIN GILCHRIST II
LT. GOVERNOR

May 13, 2021

Michigan Senate
State Capitol Building
Lansing, MI 48909-7536

SENATE ENROLLING
MAY 13 '21 AM 10:47

Senators,

I am returning Enrolled Senate Bill 46 to you without approval. This legislation aims to use tax incentives to spur high-speed internet development.

High-speed internet delivers access to the education, skills, and opportunities that Michiganders need to compete in the global economy. To that end, my administration has funded over \$20 million in grants through the Connecting Michigan Communities broadband expansion program, and we look forward to announcing additional grant awards next month. And Michigan has more high-speed internet money on the way via the American Rescue Plan recently signed by President Biden and the American Jobs Plan pending in Congress.

I am grateful to have legislators with me in this fight, working to expand access to high-speed internet. However, as my Treasury Department explained to the sponsors, the tax exemption created by this legislation would not work in practice. SB 46 creates an exemption under the General Property Tax Act for equipment that “resolves a lack of broadband service” without creating any way for assessors or the Department to determine whether the particular equipment claimed is in fact eligible. Under our system of tax administration, assessors do not have either the information or expertise to determine whether equipment in fact resolves a lack of broadband service.

I am also troubled that SB 46 fails to include National Telecommunications Infrastructure Administration grantees—primarily businesses focused on serving tribal communities and minority-serving institutions—from the tax relief afforded to grantees of the U.S. Department of Agriculture, the Federal Communications Commission, and the State of Michigan. My administration has partnered with internet providers, local communities, and other stakeholders to ensure *all* Michiganders have access to affordable, reliable high-speed internet. Building on our tremendous success with the FCC’s Rural Development Opportunity Fund action last December, we are working with eligible applicants to ensure they have the information and resources needed to successfully obtain Tribal



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Connectivity grants, Broadband Infrastructure Deployment grants, Connecting Minority Communities grants, and other similar opportunities, and to encourage participation in the Emergency Broadband Benefit Program.

I look forward to working collaboratively with the Legislature on a spending bill to put American Rescue Plan funds to work strengthening Michigan's high-speed internet infrastructure.

Sincerely,

A handwritten signature in blue ink, reading "Gretchen Whitmer".

Gretchen Whitmer
Governor