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SFA BILL ANALYSIS

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Senate Bill 763 (as introduced 9-28-99)
Sponsor: Senator Mike Rogers
Committee: Farming, Agribusiness and Food Systems

Date Completed: 10-27-99

CONTENT

The bill would amend Part 361 (Farmland and Open Space Preservation) of the Natural Resources and Environmental Protection Act to reduce the income threshold required for an owner of farmland to participate in a farmland development rights agreement.

Currently, an owner of farmland and related buildings covered by one or more development rights agreements meeting the requirements of Part 361, who is required or eligible to file a return as an individual or claimant under the State Income Tax Act, may claim a credit against the State income tax liability for the amount by which the property taxes on the land and structures used in the farming operation, including the homestead, restricted by the development rights agreements exceed 7% of the household income as defined in the State Income Tax Act, excluding a deduction if taken under the Internal Revenue Code. Under the bill, a person could claim an income tax credit for the amount by which the property taxes exceeded 3.5% of household income.

MCL 324.36109 Legislative Analyst: L. Arasim

FISCAL IMPACT

This bill would increase the cost of the farmland preservation tax credit, and therefore reduce net income tax revenue, by an estimated $11.7 million a year. This increase in the cost of the farmland preservation tax credit would be due to two factors: 1) Taxpayers currently receiving a credit, would experience an increase in the amount of their credit, and 2) some taxpayers who currently do not qualify for the credit would become eligible under the lower household income threshold. It is estimated that almost all of this loss in revenue would affect General Fund/General Purpose revenue.

Fiscal Analyst: J. Wortley

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