
Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Joint Resolution M (Substitute S-8)
Sponsor: Senator Leon Stille
Committee: Farming, Agribusiness and Food Systems

CONTENT

The joint resolution proposes an amendment to Article 9, Section 3 of the State Constitution to require the Legislature, for taxes levied in 2002 and thereafter, to provide for an assessment system based upon agricultural use value for qualified agricultural property as defined by law. The Legislature would have to provide for alternative methods of taxation and, notwithstanding any other limitations of Article 9, Section 3, the adjustment of taxable value as provided by law for property that ceased to be qualified agricultural property.

Article 9, Section 3 contains a cap on assessment increases; that is, the taxable value of a parcel of property (adjusted for additions and losses) cannot increase each year by more than the lesser of 5% or the rate of inflation. The cap remains in effect for a parcel until ownership of the parcel is transferred (at which time the property must be assessed at the applicable proportion of true cash value).

(The joint resolution would be implemented by Senate Bill 1245, which is tie-barred to the resolution. As passed by the Senate, Senate Bill 1245 (S-2) provides that "agricultural use value" would mean that value calculated using the method determined by the State Tax Commission, after consultation with the Department of Agriculture. The method would have to include the consideration of factors identified in the bill. Senate Bill 1245 (S-2) further provides that for purposes of determining agricultural use value, "qualified agricultural property" would mean property exempt from the tax levied by a local school district for school operating purposes.)

The joint resolution would have to be submitted to the voters at the next general election, if two-thirds of the members elected and serving in each house of the Legislature approved the resolution.

Legislative Analyst: G. Towne

FISCAL IMPACT

The way a constitutional amendment is ultimately implemented in statute is an important factor in determining its fiscal impact. This proposed constitutional amendment, as proposed to be implemented in Senate Bill 1245, would reduce property tax revenue at least \$86 million in 2002. (For more information on this estimated fiscal impact, please see the Floor Analysis of Senate Bill 1245 (S-2), 5-31-00.)

Date Completed: 6-5-00

Fiscal Analyst: J. Wortley