

**DEF'N OF "AGRICULTURAL USE"
FOR SCHOOL TAX EXEMPTION**

House Bill 4701
Sponsor: Rep. Bruce Caswell
Committee: Tax Policy

Complete to 6-23-03

A SUMMARY OF HOUSE BILL 4701 AS INTRODUCED 5-15-03

The bill would amend the General Property Tax Act to provide a new definition of "agricultural use" for the sections of the act that provide an exemption from local school operating taxes for "qualified agricultural property". The significant difference in the new definition is the inclusion of undeveloped wooded property of at least 40 acres that meets all of the following conditions:

- is classified as residential real property;
- is owned by the a person who claims an exemption for other property as qualified agricultural property;
- is not contiguous to the property for which the owner claims an exemption as qualified agricultural property;
- is located in the same county or an adjacent county as the other qualified agricultural property;
- is not used for residential rental purposes; and
- is not used for commercial logging operations.

Under the bill, undeveloped wooded property that met those conditions would qualify as "qualified agricultural property" and would be exempt from local school operating property taxes.

Currently, the General Property Tax Act cites the definition of "agricultural use" found in Part 361 (farmland and open space preservation) of the Natural Resources and Environmental Protection Act (NREPA). The bill would strike that reference and instead place a full definition in the General Property Tax Act. The new definition would be the same as the NREPA definition except for the provision about undeveloped wooded property cited above. As is currently the case, the term "agricultural use" would otherwise not include "substantially undeveloped land the primary purpose of which is the management and harvesting of a woodlot".

MCL 211.7dd

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