

**AG. PROPERTY ASSESSMENTS:  
EXCLUSIONS FROM SALES DATA**

**House Bill 4702**  
**Sponsor: Rep. Bruce Caswell**  
**Committee: Tax Policy**

**Complete to 6-23-03**

**A SUMMARY OF HOUSE BILL 4702 AS INTRODUCED 5-15-03**

Since the passage of Proposal A in 1994, there has been a limit on how much the assessment of a parcel of property can increase from one year to the next for the purpose of levying property taxes. (This is why property taxes are now based on “taxable value” rather than “state equalized valuation”.) Generally speaking, an assessment cannot increase by more than five percent or the rate of inflation, whichever is lower. However, when ownership of property is transferred, the assessment of property typically “pops up” to 50 percent of market value (state equalized valuation or SEV).

The General Property Tax Act defines “transfer of ownership” for the purpose of revaluation and lists transactions that are included under that term and transactions that are not counted as ownership transfers. In the case of transfers of qualified agricultural property, the transaction does not count as a transfer of ownership if the purchaser files an affidavit attesting that the property will remain as qualified agricultural property with the local assessor and the county register of deeds.

Information about sales of property is used in assessing the value of property for property tax purposes. House Bill 5702 would amend the General Property Tax Act to specify that sales of agricultural property for which an affidavit was not filed would be excluded from the sales data when a city or township assessor, a county equalization director, or the State Tax Commission conducted sales ratio studies to assess real property classified as agricultural real property.

MCL 211.8 and 211.27

Analyst: C. Couch

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