



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



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

House Bill 4702 (Substitute S-1 as reported)
Sponsor: Representative Bruce Caswell
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to require assessors, in making sales ratio studies and appraisals, to exclude from the sales data all sales of agricultural real property that was not sold for agricultural use.

Specifically, before using sales data on real property purchases, including land contract purchases, in making sales ratio studies and appraisals to assess real property classified as agricultural real property, a city or township assessor, a county equalization department, and the State Tax Commission would have to exclude from the sales data all sales of agricultural real property for which an affidavit (stating that the property would remain agricultural) had not been filed under Section 27a(7)(n). Sales data excluded under this provision could be included in a sales study or appraisal, however, if both the local assessor and the county equalization director agreed to include the sales data.

MCL 211.8 & 211.27

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have an indeterminate impact on State and local revenues. Changes in taxable values would be affected in an indeterminate direction, if at all, depending on what properties were excluded from sales studies. Without knowing both the value of the properties that would be excluded from a study and the value of properties included in the study, it would be impossible to estimate the impact of the bill. Depending on a wide variety of factors, the bill could result in taxable values for most properties rising at a higher or lower rate or the same rate as under current law. In recent years, the binding constraint on changes in taxable values has been the change in the consumer price index under Article IX, Section 3 of the Michigan Constitution. In years in which the change in the consumer price index is below the rate determined by the sales study, the bill would have no impact. Similarly, in years when the 5% cap on increases in taxable values, contained in the same section of the Michigan Constitution, is effective, the bill would have no effect. The biggest potential effect of the bill, although also indeterminate, would be on property sold during a year because such property is not bound by either the consumer price index or 5% constitutional limitation on its taxable value change in the year it is sold.

Date Completed: 2-23-04

Fiscal Analyst: David Zin