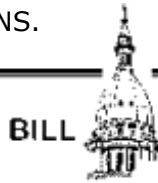




Senate Fiscal Agency  
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## BILL ANALYSIS

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Senate Bill 1268 (as introduced 5-16-06)  
Sponsor: Senator Tom George  
Committee: Finance

Date Completed: 5-17-06

### **CONTENT**

**The bill would amend the General Property Tax Act to delete the 400-acre limit on tax-exempt real property owned by certain associations or organizations.**

Under the Act, up to 400 acres of land in the State owned by a Boy or Girl Scout or Camp Fire Girls organization, a 4-H club or foundation, or a Young Men's Christian Association or a Young Women's Christian Association is exempt from the property tax if at least 50% of its members are Michigan residents. Upon petition of the association or organization, the county board of commissioners may waive the residence requirement while the property is occupied by the association or organization solely for the purposes for which it was incorporated or established.

The bill would retain these provisions, without the 400-acre limit.

MCL 211.7q

Legislative Analyst: J.P. Finet

### **FISCAL IMPACT**

The bill would increase School Aid Fund expenditures and reduce State and local revenue by an unknown amount. No information is available regarding the amount of acreage owned by organizations affected by the bill, the value of that property, or the mills applied to the property. Furthermore, by expanding the exemption, the bill could encourage or allow affected organizations to increase their property holdings by an unknown amount. The exemption provided for under current law is per organization but involves property held anywhere in Michigan. Any reduction in local school district property tax revenue would be offset by increased expenditures from the School Aid Fund in order to maintain per-pupil funding guarantees.

Existing property held by an affected organization currently would be treated as non-homestead/non-qualified agricultural use property. Statewide, the average millage rate for non-homestead property is 51 mills. The value of property per acre can vary widely and the mills faced also are likely to vary significantly. There are approximately 36.4 million acres of land in Michigan, and the total taxable value of real property is \$293.1 billion, for an average taxable value of slightly more than \$8,000 per acre. If the bill resulted in exempting 10,000 acres of land that matched these averages, it would reduce property taxes by approximately \$4.1 million.

The effect of any reduction in property tax revenue on individual local units would likely vary significantly depending on the local unit. Property within a large metropolitan area

would likely comprise an insignificant portion of the local unit's revenue, while a large campground/natural area in a small rural township could represent a meaningful portion of the unit's tax base.

This estimate is preliminary and will be revised as new information becomes available.

Fiscal Analyst: David Zin