

Legislative Analysis



DEFER SUMMER PROPERTY TAXES ON AGRICULTURAL LAND

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House Bill 4218
Sponsor: Rep. Dudley Spade
Committee: Tax Policy

Complete to 3-16-09

A SUMMARY OF HOUSE BILL 4218 AS INTRODUCED 2-10-09

The General Property Tax Act permits a local tax collecting unit that collects summer property taxes to defer collection until the following February 15 for agricultural property if the gross receipts from the agricultural operations in the prior year, or the average gross receipts in the three years prior, are not less than the household income of the owner in the prior year.

House Bill 4218 would extend eligibility for this deferment to agricultural property *owned by a limited liability company (LLC)*, including LLCs where members qualified for the deferment before the LLC was formed. The household income test would be based on the combined household income of the individual LLC members.

[For the summer tax deferment form, see Department of Treasury *Form 471*, at:
www.michigan.gov/documents/homestead1_2541_7.pdf.]

MCL 211.51

FISCAL IMPACT:

Because the bill only *defers* property tax payments, there would be no direct reduction in state or local revenue other than the potential foregone interest that might have been earned. However, since the payments could be delayed until the following fiscal year for some local units, there could potentially be a cash flow issue depending on size of the deferred payments.

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