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House Bill 4218 (Substitute H-1 as reported without amendment)

Sponsor: Representative Dudley Spade

House Committee: Tax Policy

Senate Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to require the deferment of summer property taxes for agricultural property owned by a limited liability company (LLC) whose individual members qualified for a deferment before they formed the LLC.

The Act allows taxpayers to claim a deferment of summer property taxes by filing a claim with the treasurer of the local property tax collecting unit. A local tax collecting unit must defer the collection of summer property taxes against certain property for which a deferment is claimed, until the following February 15.

The property for which a deferment is required includes property classified or used as agricultural real property if the gross receipts of the agricultural or horticultural operations in the previous year or the average gross receipts of the operations in the previous three years are not less than the household income of the owner in the previous year.

The bill also would require deferment if the gross receipts of the operations in the previous year, or the average gross receipts of the operations in the previous three years, were not less than the combined household incomes in the previous year of the individual members of a limited liability company that owned the agricultural real property. A limited liability company could claim a deferment only if the individual members qualified for a deferment before they formed the LLC.

MCL 211.51

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would affect State and local property tax revenue negligibly, by changing the timing of payments from affected taxpayers. For affected governmental units, the change would shift revenue from affected taxpayers into a fiscal year later than it otherwise would have been received.

Date Completed: 10-22-09

Fiscal Analyst: David Zin