

# Legislative Analysis



## PERSONAL PROPERTY TAX EXEMPTION FOR CERTAIN AGRICULTURE-RELATED MACHINERY

Mary Ann Cleary, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4582**

**Sponsor: Rep. Kevin Daley**

**House Bill 4583**

**Sponsor: Rep. Harvey Santana**

**1st Committee: Tax Policy**

**2nd Committee: Agriculture**

**Complete to 9-13-11**

### A SUMMARY OF HOUSE BILLS 4582 & 4583 AS INTRODUCED 4-26-11

Section 9 of the General Property Tax Act, generally speaking, contains a lengthy list of personal property that is exempt from the act. Included is property "actually used in agricultural operations and farm implements held for sale or resale by retail servicing dealers for use in agricultural production."

House Bill 4582 would specifically add to the list of exempt property: **machinery used to install land tile** on property exempt under Section 7EE as qualified agricultural property.

House Bill 4583 would specifically add to the list of exempt property: **machinery used to install or implement soil and water conservation techniques** on property exempt under Section 7EE as qualified agricultural property.

Under both bills, if machinery is used to install land tile or to install or implement soil and water conservation techniques on property other than qualified agricultural property, the machinery would only be exempt to the extent it is used on qualified agricultural property. A person claiming an exemption would be required to indicate the machinery's percentage of exempt use in the statement of personal property that must be submitted to local units under Section 19.

"*Land Tile*" is defined to mean fired clay or perforated plastic tubing used as part of a subsurface drainage system for land.

"*Soil and water conservation techniques*" is defined to mean techniques for the conservation of soil and water described in the field office technical guide published by the Natural Resources Conservation Service of the United State Department of Agriculture.

MCL 211.9

**FISCAL IMPACT:**

Because the taxable values and millage rates of the affected property cannot be identified, the actual fiscal impact cannot be determined. However, the State would lose the 6-mill State Education (SET) levy, local schools would lose the 18-mill non-homestead levy, and local units of government (including counties) would lose generating operating, police, fire, etc. levies. Because the School Aid Fund (SAF) provides the difference between the amount of revenue collected for schools and the foundation allowance, the SAF would have to offset this loss of revenue.

Legislative Analyst: Jeff Stoutenburg  
Fiscal Analyst: Jim Stansell

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