



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 862 (Substitute S-4 as reported by the Committee of the Whole)
Sponsor: Senator Bruce Caswell
Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to provide that if a parcel of real property were classified as agricultural real property and were engaged in agricultural operations, any contiguous property owned by the same taxpayer would have to be classified as agricultural real property if the contiguous property were a vacant parcel, a wooded parcel, or a parcel on which were located one or more outbuildings that comprised more than 50% of the taxable value of all buildings on that parcel. The bill expresses a legislative intent that, if these criteria were met, the parcel would be classified as agricultural real property even if the contiguous parcels were located in different local tax collecting units.

The bill specifies that contiguity would not be broken by a boundary between local tax collecting units, a section boundary, a road, or a right-of-way. Contiguity also would not be broken by property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the two parcels separated by the purchased or condemned property were a single parcel before the sale or condemnation.

The bill would define "outbuilding" as a building or other structure primarily used for agricultural operations.

MCL 211.34c

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have a fiscal impact of an unknown magnitude, although the most likely impact would be between approximately \$10 million and \$20 million per year. The bill would reduce revenue to local school districts, but that reduction would be offset by an equal increase in School Aid Fund expenditures in order to maintain per-pupil funding guarantees, assuming School Aid Fund appropriations were increased to account for the change.

Date Completed: 5-23-12

Fiscal Analyst: David Zin