



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 862 (as introduced 12-1-11)
Sponsor: Senator Bruce Caswell
Committee: Finance

Date Completed: 5-15-12

CONTENT

The bill would amend the General Property Tax Act to require a parcel of real property to be classified as agricultural real property if it were contiguous to property classified as agricultural real property and owned by the same taxpayer, and if more than 50% of the assessed value of the parcel were used in agricultural operations. 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 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.

MCL 211.34c

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have a negligible impact on State and local revenue. The changes largely would codify existing Department of Treasury policy and guidance on administration of the property tax and the principal residence exemption. The only impact would reflect changes where a local unit was not following that guidance. In those cases, 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.

Fiscal Analyst: David Zin

S1112\S862sa.

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.