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

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 4990 (as passed by the House)
Sponsor: Representative Jud Gilbert, II
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 12-6-11

CONTENT

The bill would amend the Income Tax Act to exclude agricultural property from the calculation of a homestead's taxable value, for purposes of eligibility for the homestead property tax credit.

Section 520 of the Act allows an eligible taxpayer to claim an income tax credit for a portion of the property taxes on his or her homestead. Under amendments to Section 520 that will take effect on January 1, 2012, a taxpayer may not claim the credit for a tax year in which the taxable value of his or her homestead is more than $135,000.

The bill would exclude from the taxable value of a homestead the portion of a parcel that is unoccupied and classified as agricultural for ad valorem tax purposes.

The bill would take effect on January 1, 2012.

MCL 206.520 Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

According to estimates from the Michigan Department of Treasury, the bill would reduce income tax revenue by approximately $3.0 million to $3.5 million per year.

Fiscal Analyst: David Zin

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