



Senate Fiscal Agency
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Senate Bill 786 (as reported without amendment)
Senate Bill 787 (Substitute S-1 as reported)
Sponsor: Senator Bruce Caswell
Committee: Finance

CONTENT

Senate Bill 786 would amend the General Property Tax Act, and Senate Bill 787 would enact the "Hydroponics and Aquaculture Production Facilities Specific Tax Act", to exempt hydroponics production facilities and aquaculture production facilities from the tax collected under the General Property Tax Act, for taxes levied after December 31, 2013, and impose a specific tax on those facilities. The hydroponics and aquaculture production facilities specific tax would be 25% of the property tax plus new millage approved by the local tax collecting unit after the effective date of the proposed Act. The bills are tie-barred.

Senate Bill 787 (S-1) would require the assessor of each local tax collecting unit in which a hydroponics production facility or an aquaculture production facility was located to determine annually as of December 31 the value and taxable value of each facility.

The bill specifies that the hydroponics and aquaculture production facilities specific tax would be an annual tax, payable at the same times, in the same installments, and to the same collecting officer or officers as taxes collected under the General Property Tax Act. If the specific tax were unpaid, it would be subject to forfeiture, foreclosure, and sale in the same manner and at the same time as taxes returned as delinquent under that Act.

The bill would require the collecting officer or officers to disburse the hydroponics and aquaculture production facilities specific tax to and among the State and cities, townships, villages, school districts, counties, or other taxing units, at the same times and in the same proportions as required by law for the disbursement of taxes collected under the General Property Tax Act.

Proposed MCL 211.7uu (S.B. 786)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bills would reduce State Education Tax revenue to the School Aid Fund by approximately \$160,000 and local property tax revenue by approximately \$500,000. For farms that engaged in agricultural activities in addition to aquaculture and/or hydroponics, the impact assumes that the bills would affect only those portions of the farms engaged in aquaculture or hydroponics.

The bills would likely not increase School Aid Fund expenditures because most, if not all, of the affected facilities are already exempt from the 18-mill local school operating levy. As a result, there would be no reduction in local school operating revenue that the School Aid Fund would need to offset in order to maintain per-pupil funding guarantees.

Date Completed: 3-13-14

Fiscal Analyst: David Zin

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Bill Analysis @ www.senate.michigan.gov/sfa

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