

Legislative Analysis



MAPLE SYRUP PRODUCTION

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

House Bill 5677 without amendment
Sponsor: Rep. David Palsrok

House Bill 5679 (Substitute H-3)
Sponsor: Rep. Howard Walker

House Bill 5678 (Substitute H-1)
Sponsor: Rep. Kevin Elsenheimer

House Bill 5680 without amendment
Sponsor: Rep. Joel Sheltroun

Committee: Agriculture

Complete to 4-15-08

A SUMMARY OF HOUSE BILLS 5677-5680 AS REPORTED FROM COMMITTEE

House Bill 5677 would amend the Natural Resources and Environmental Protection Act (NREPA) to include maple syrup production in the definition of "agricultural use." (MCL 324.36101)

House Bill 5678 (Substitute H-1) would amend the General Property Tax Act to include maple syrup production in the definition of "agricultural operations" in the section of the act that exempts personal property used in agricultural operations from property taxes. In the H-3 Substitute, property used for maple syrup production qualifies for this tax treatment only if the property owner's annual gross wholesale sales total \$25,000 or less. (MCL 211.9)

House Bill 5679 (Substitute H-3) would amend the Food Law of 2000 to specifically exclude maple syrup production from the definition of "food processing plant" and, instead, place maple syrup production facilities and other similar businesses in the new category of "agricultural use operation." A business so categorized would not be considered a food processing plant or a retail processing operation "for purposes of personal or real property" but would have to meet the Food Law's licensing requirements and other standards pertaining to food processing plants and retail processing plants. The new category of "agricultural use operation" would encompass not only maple syrup production facilities but also similar food establishments that finish a raw commodity, are integral to the operation of a farm, and are located on a farm. (MCL 289.1107)

House Bill 5680 would amend the General Property Tax Act to include maple syrup production in the definition of "agricultural operations" in the section of the act that defines the classification of real property. Under that section, agricultural real property includes parcels used partially or wholly for agricultural operations, with or without buildings. Under the GPTA, for example, agricultural real property is exempt from the local school operating taxes that commercial and industrial firms pay (in the same way that owner-occupied homes are exempt). (MCL 211.34c)

FISCAL IMPACT:

It appears that the bills would exempt the equipment used to produce maple syrup from the personal property tax and would reclassify the real property used for the production of maple syrup to agricultural use, which exempts it from the 18-mill non-homestead levy.

With respect to the loss of personal property taxes, 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.

Exempting real property from the 18-mills would again reduce funding for local schools. Again, the SAF would need to make up the difference.

POSITIONS:

The Department of Treasury supports House Bill 5678, as amended (4-9-08), and would support House Bill 5680 with a similar amendment. (4-14-08)

The Department of Agriculture supports House Bills 5677 and 5679. (4-9-08)

The Michigan Farm Bureau supports all four bills. (4-9-08)

Legislative Analyst: Chris Couch
Shannan Kane
Fiscal Analyst: Jim Stansell

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.