

# Legislative Analysis



## PERSONAL PROPERTY TAX EXEMPTION FOR CERTAIN AGRICULTURE-RELATED MACHINERY

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**Senate Bill 563 (Substitute S-1)**  
**Sponsor: Sen. Mike Green**  
**House Committee: Agriculture**  
**Senate Committee: Finance**  
**Complete to 12-12-11**

### A SUMMARY OF SENATE BILL 563 AS PASSED BY THE SENATE 12-8-11

Section 9 of the General Property Tax Act contains a lengthy list of personal property that is exempt from the act. Included is property "actually used in agricultural operations and farm implements held for sale or resale by retail servicing dealers for use in agricultural production."

Senate Bill 563 would specifically add to the list of exempt property: **machinery used to install or implement soil and water conservation techniques** on real property exempt under Section 7EE as qualified agricultural property. (MCL 211.9)

Under the bill, if machinery is used to install or implement soil and water conservation techniques on property other than qualified agricultural property, the machinery would only be exempt to the extent it is used on qualified agricultural property. A person claiming an exemption would be required to indicate the machinery's percentage of exempt use in the statement of personal property that must be submitted to local units under Section 19.

The bill is identical to House Bill 4583 (H-1), which passed the House on October 26, 2011. See the HFA analysis of House Bills 4582 and 4583, dated 10-7-11, at: <http://www.legislature.mi.gov>

### FISCAL IMPACT:

Because the taxable values and millage rates of the affected property cannot be identified, the actual fiscal impact cannot be determined. However, 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.

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