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CAP TAXES ON TRANSFER OF FAMILY FARMLAND

House Bill 4925
Sponsor: Rep. Jim Howell
**Committee: Agriculture and Natural
Resources**

Complete to 10-25-99

A SUMMARY OF HOUSE BILL 4925 AS INTRODUCED 9-30-99

One of the features of Proposal A of 1994, the ballot proposal that overhauled Michigan's school finance and property tax system, is a constitutional amendment that limits how fast property tax assessments can grow. The assessment of any parcel cannot increase from one year to the next by more than the rate of inflation or five percent, whichever is less, until ownership of the property is transferred. Upon transfer, the property is reassessed based on market value (or "true cash value"). The General Property Tax Act specifies which transactions count as transfers of ownership and which do not.

House Bill 4925 would amend the act to specify that the transfer of agricultural property that was used for agricultural operations would not be considered a "transfer of ownership" for the purpose of lifting the assessment cap if the land were transferred to the owner's child and continued to be used for agricultural operations. (The act defines "agricultural operations" to mean (1) Farming in all its branches, including cultivating soil. (2) Growing and harvesting any agricultural, horticultural, or floricultural commodity. (3) Dairying. (4) Raising livestock, bees, fish, fur-bearing animals, or poultry. (5) Turf and tree farming. (6) Performing any practices on a farm, incident to, or in conjunction with, farming operations. "Agricultural operations" does not include a commercial storage, processing, distribution, marketing, or shipping operation.)

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