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BILL ANALYSIS



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Senate Bill 563 (Substitute S-1 as reported)  
Sponsor: Senator Mike Green  
Committee: Finance

### **CONTENT**

The bill would amend the General Property Tax Act to provide a tax exemption for machinery used to install or implement soil and water conservation techniques on qualified agricultural property.

Currently, property used in agricultural operations is exempt from taxation under the Act. Under the bill, property used in agricultural operations would include machinery used to install or implement soil and water conservation techniques on property exempt under Section 7ee as qualified agricultural property. (Section 7ee exempts qualified agricultural property from the tax levied by a local school district for school operating purposes. "Qualified agricultural property" is unoccupied property and related buildings classified as agricultural.)

If machinery were used to install or implement soil and water conservation techniques on property other than qualified agricultural property, that machinery would be exempt only to the extent that it was used to install or implement soil and water conservation techniques on qualified agricultural property.

A person claiming an exemption under the bill would have to indicate the machinery's percentage of exempt use in the statement submitted under Section 19. (Under that section, a person may be required to submit a statement of personal property or assessable real property to a local assessing official or supervisor, a county tax or equalization department, or the State Tax Commission.)

The bill's definition of "soil and water conservation techniques" refers to those techniques described in the field office technical guide published by the Natural Resources Conservation Service of the U.S. Department of Agriculture.

MCL 211.9

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bill would reduce State and local property tax revenue by an unknown and likely negligible amount that would depend on the specific characteristics of the property affected and the applicable millage rates. Any reduction in property tax revenue for local school operating purposes would need to be offset by increased School Aid Fund expenditures in order to maintain per-pupil funding guarantees.

Date Completed: 12-7-11

Fiscal Analyst: David Zin