

Legislative Analysis



WILDLIFE RISK MITIGATION

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Senate Bill 725 (Substitute H-1)
Sponsor: Sen. John Moolenaar
House Committee: Agriculture
Senate Committee: Agriculture

First Analysis (12-8-11)

BRIEF SUMMARY: The bill would amend the General Property Tax Act to specify that property would not lose its status as qualified agricultural property or its classification as agricultural real property because the property owner or lessee implemented a wildlife risk mitigation action plan.

FISCAL IMPACT: As written, the bill would reduce property tax revenue dedicated to local schools by an indeterminate amount. To the extent that local school funding declines, expenditures from the School Aid Fund must increase to maintain the foundation allowance.

THE APPARENT PROBLEM:

Bovine Tuberculosis is a bacterial infection that re-emerged in Michigan in 1994 when a free-ranging white-tailed deer was found with the disease. According to the Michigan Department of Agriculture and Rural Development (MDARD), statewide surveillance confirmed the disease in 50 cattle herds resulting in the destruction of over 4,000 head of cattle as a consequence. MDARD implemented the Wildlife Risk Mitigation Project to prevent the spread of bovine TB. A main objective of the program is to prevent deer from accessing key parts of the farm where bovine TB transmission may occur. The program was established to prevent the spread of the disease and work to eradicate it. It is required under federal law and allows Michigan producers to market cattle around the country, provided all state and federal regulations are followed.

In many instances the program requires land owners to fence off portions of farmland. As a requirement to maintain the property tax exemption for qualified agricultural land landowners must dedicate at least 50% of the land for active farm activity. Several cattle producers have stated their property is being or has been reassessed by their local assessors and they are losing their agriculture tax status due to the MDARD Wildlife Risk Mitigation Project requirements. Supporters of the bill believe that landowners should not lose their agricultural tax status because the producers have implemented management and land use practices to mitigate bovine Tuberculosis transmission between wildlife and cattle: their land is still agricultural land.

THE CONTENT OF THE BILL:

The bill would amend the General Property Tax Act to specify that property would not lose its status as qualified agricultural property or its classification as agricultural real property because the property owner or lessee implemented a wildlife risk mitigation action plan.

For taxes levied after December 31, 2008, property could not lose its status as qualified agricultural property as a result of an owner or lessee of that property implementing a wildlife risk mitigation plan. If after December 31, 2008, the classification of property was changed as a result of the implementation of a wildlife risk mitigation action plan, the owner of that property could appeal that change in classification to the board of review in the year in which this bill takes effect or in the three immediately succeeding years. Within 30 days of the effective date of this bill, the Department of Treasury would have to update its publication entitled "Qualified Agricultural Property Exemption Guidelines" and post the updated publication on the its website

"Wildlife risk mitigation action plan" would mean a written plan consisting of one or more "projects" to help reduce the risks of a communicable disease spreading between wildlife and livestock that is approved by the Department of Agriculture and Rural Development under the Animal Industry Act.

"Project" would mean certain risk mitigating measures, which could include, but are not limited to:

- Making it difficult for wildlife to access feed by storing livestock feed securely, restricting wildlife access to feeding and watering areas, and deterring or reducing wildlife presence around livestock feed by storing feed in an enclosed barn, wrapping bales or covering stacks with tarps, closing ends of bags, storing grains in animal-proof containers or bins, maintaining fences, practicing small mammal and rodent control, or feeding away from wildlife cover.
- Minimizing wildlife access to livestock feed access and water by feeding livestock in an enclosed area, feeding in open areas near buildings and human activity, removing extra or waste feed when livestock are moved, using hay feeders to reduce waste, using artificial water systems to help keep livestock from sharing water sources with wildlife, fencing off stagnant ponds, wetlands, or areas of wildlife habitats that pose a disease risk, and keeping mineral feeders near buildings and human activity or using devices that restrict wildlife usage.

Qualified Agricultural Property

Under the General Property Tax Act, qualified agricultural property is exempt from the tax levied by a local school district for school operating purposes. "Qualified agricultural property" means unoccupied property and related buildings classified as agricultural, or other unoccupied property and related buildings located on that property devoted primarily to agricultural use.

The bill would specify that property would not lose its status as qualified agricultural property as a result of an owner or lessee implementing a wildlife risk mitigation action plan.

Agricultural Real Property

The act requires a local assessor to classify every item of assessable property according to definitions contained in Section 34c. One of those classifications of assessable real property is agricultural real property, which includes parcels used partially or wholly for agricultural

operations, with or without buildings. Agricultural real property includes buildings on leased land used for agricultural operations.

The bill would specify that property would not lose its classification as agricultural real property as a result of an owner or lessee implementing a wildlife risk mitigation action plan.

MCL 211.7dd and 211.34c

HOUSE COMMITTEE ACTION:

The Committee on Agriculture reported the bill as substitute H-1.

ARGUMENTS:

For:

As noted above, some farm owners are losing their exemption as qualified agricultural property as a result of implementing a wildlife risk mitigation action plan. These plans are implemented to help curb the spread of bovine TB and many feel they should not impact how property is assessed. The land is still agricultural land and should be assessed as such.

Against:

There was no opposition at the committee level.

POSITIONS:

Michigan Department of Treasury supports the bill. (12-7-11)

Michigan Department of Agriculture and Rural Development supports the bill. (12-7-11)

Michigan Assessors Association supports the bill. (12-7-11)

Michigan Farm Bureau supports the bill. (12-7-11)

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■ 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.