

Legislative Analysis



ALLOW PARTNERSHIPS TO DEFER SUMMER TAXES ON AGRICULTURAL PROPERTY

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Senate Bill 634

Sponsor: Sen. Joe Hune

House Committee: Agriculture

Senate Committee: Finance

Complete to 2-28-12

A SUMMARY OF SENATE BILL 634 AS PASSED BY THE SENATE 2-14-12

Section 51 of the General Property Tax Act (MCL 211.51) allows certain taxpayers to defer paying summer property taxes by filing a claim with the treasurer of the local property tax collecting unit. If the taxpayer meets the deferment criteria, the local tax collecting unit must defer the collection of summer property taxes until February 15 of the following year. This applies to owners of principal residences and owners of property classified or used as agricultural real property.

Senate Bill 634 would amend Section 51 to allow a partnership to defer summer property taxes on agricultural property it owns, provided the income criteria in the act is met and the individual partners qualified for a deferment before the partnership was formed. The act originally applied to individual owners of agricultural property, and was then amended in 2009 to allow this deferment for individuals organized as a limited liability company (LLC). This bill, as noted, extends the eligibility to partnerships.

Currently, property tax deferments are available for taxes on the principal residence of a taxpayer who meets criteria related to a physical disability, military service, or age, and who also meets household income guidelines. Deferments are currently allowed for agricultural real property if (1) the gross receipts of the agricultural or horticultural operations in the previous year or (2) the average gross receipts of the operations in the previous three years are not less than the household income of the owner in the previous year or the combined household incomes in the previous year of the individual members of an LLC that owns the agricultural real property. An LLC may only claim a deferment if the individual members qualified for the deferment before they the LLC. Senate Bill 634 would extend these provisions to now include partnerships.

FISCAL IMPACT:

As written, the bill would have no impact on overall property tax collections received by local units of government. It would, however, potentially change the timing of payments from some taxpayers, and thus alter the cash flow received by the local unit.

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