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BILL ANALYSIS



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Senate Bill 634 (as introduced 9-8-11)
Sponsor: Senator Joe Hune
Committee: Finance

Date Completed: 10-17-11

CONTENT

The bill would amend the General Property Tax Act to permit a partnership to defer summer property taxes on agricultural property it owned, if income criteria were met and the individual partners qualified for a deferment before they formed the partnership.

The Act allows certain categories of taxpayers to claim a deferment of summer property taxes by filing a claim with the treasurer of the local property tax collecting unit. If a taxpayer meets the criteria for a deferment, the local tax collecting unit must defer the collection of summer property taxes against the property until the following February 15.

A deferment is available for taxes on the principal residence of a taxpayer who meets criteria related to physical condition, age, or military service, and household income. A deferment also is allowed for agricultural real property if the gross receipts of the agricultural or horticultural operations in the previous year, or 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 a limited liability company (LLC) that owns the property. A limited liability company may claim a deferment only if the individual members qualified for a deferment before they formed the LLC.

The bill also would allow a deferment of summer taxes on agricultural property owned by a partnership if the gross receipts of the operations in the previous year, or the average gross receipts of the operations in the previous three years, were not less than the combined household incomes in the previous year of the individual members of the partnership. A partnership could claim the deferment only if the individual partners qualified for a deferment before they formed the partnership.

MCL 211.51

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would change the timing of when State and local property tax revenue would be received from affected taxpayers. As a result, the cash flow for units of government that levy a property tax millage could be affected. It is unknown how many taxpayers or governmental units would be affected, or what the magnitude of the impact would be. In aggregate, any impact of the bill is likely to be minimal, although for a large taxpayer in a single local unit, the impact could be greater.

Fiscal Analyst: David Zin

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