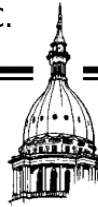




Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 805 (Substitute S-1 as reported by the committee of the whole)
Sponsor: Senator Mike Green
Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to exclude from the term "transfer of ownership" a conveyance of land by distribution under a will or trust or by intestate succession if the land were made subject to a conservation easement under State law or made eligible for a Federal tax deduction as a qualified conservation contribution before the conveyance.

Under the law, the taxable value of a parcel of property may not increase from one year to the next by more than 5% or the increase in the consumer price index, whichever is lower, until there is a transfer of ownership. At that time, the assessment is "uncapped" and the property is taxed upon its State equalized valuation. The Act defines "transfer of ownership" for this purpose.

Beginning on the bill's effective date, "transfer of ownership" would exclude a conveyance of land by distribution under a will or trust or by intestate succession (inheritance in the absence of a valid will), but not buildings or structures located on the land, that met one or both of the following:

- The land was made subject to a conservation easement under Part 21 of the Natural Resources and Environmental Protection Act before the conveyance by distribution under a will or trust or by intestate succession.
- The land or an interest in it was made eligible for a deduction as a qualified conservation contribution under Section 170(h) of the Internal Revenue Code before the conveyance by distribution under a will or trust or by intestate succession.

MCL 211.27a

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would reduce School Aid Fund revenue under the State Education Tax, and local revenue, by an unknown, and likely negligible, amount that would depend on the number of properties affected and their specific characteristics. Because there may be properties where the bill could affect revenue from school operating levies, the bill also would potentially increase School Aid Fund expenditures, in order to meet per-pupil funding guarantees, by an unknown and negligible amount.

Date Completed: 4-11-13

Fiscal Analyst: David Zin