

Legislative Analysis



NO POP-UP FOR LAND SUBJECT TO CONSERVATION EASEMENT

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Senate Bill 1004

Sponsor: Sen. Michelle A. McManus

House Committee: Tax Policy

Senate Committee: Finance

Complete to 6-13-06

A SUMMARY OF SENATE BILL 1004 AS PASSED BY THE SENATE 5-10-06

Senate Bill 1004 would amend the General Property Tax Act to specify that, beginning on the bill's effective date, a "transfer of ownership" does not include a transfer of land that is subject to a conservation easement under Subpart 11 of Part 21 of the Natural Resources and Environmental Protection Act, or where a transfer of ownership or interest in the land is eligible for a deduction as a qualified conservation contribution under the federal Internal Revenue Code. (This exemption would not apply to buildings or structures located on the land.)

Under the act, year-to-year increases in a property's taxable value are capped at five percent or the rate of inflation, whichever is less. The taxable value "pops-up" to the State Equalized Value upon a transfer of ownership. The act lists a number of transactions that are not considered to be a "transfer of ownership" including, most notably, the transfer of qualified agricultural property. The bill would add a further exception.

MCL 211.27a

FISCAL IMPACT:

Because the value of the property transfers that would be excluded is not known, a precise fiscal impact cannot be determined. However, since only the land is eligible for the exclusion, the impact is likely to be \$1.0 million or less in a typical year

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