



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 1004 (as reported without amendment)  
Sponsor: Senator Michelle A. McManus  
Committee: Finance

### **CONTENT**

The bill would amend the General Property Tax Act's definition of "transfer of ownership" to exclude a transfer of land, but not buildings or structures located on the land, if the land were subject to a conservation easement under the Natural Resources and Environmental Protection Act; or if a transfer of ownership of the land or a transfer of interest in the land were eligible for a deduction as a qualified conservation contribution under the Internal Revenue Code.

Under the Act, "transfer of ownership" means the conveyance of title to or a present interest in a property, including the beneficial use of the property, the value of which is substantially equal to the value of the free interest. A transfer of ownership of a property includes, but is not limited to, various conveyances and transfers listed on the Act. The Act also describes transfers that are not included in the definition.

Under the bill, "transfer of ownership" would exclude a transfer of land, but not buildings or structures located on the land, that met one or both of the following requirements:

- The land was subject to a conservation easement under the Natural Resources and Environmental Protection Act.
- A transfer of ownership of the land or a transfer of an interest in the land was eligible for a deduction as a qualified conservation contribution under Section 170(h) of the Internal Revenue Code (which defines "qualified conservation contribution" as a contribution of a qualified real property interest to a qualified organization exclusively for conservation purposes).

MCL 211.27a

Legislative Analyst: J.P. Finet

### **FISCAL IMPACT**

It is estimated that this bill would reduce property tax revenue by less than \$1 million during an average year. In any given year, the cost could be more than this if an above-average share of all property in conservation easements were to change ownership. This loss in revenue would affect local governments, school districts, and the School Aid Fund.

Date Completed: 5-4-06

Fiscal Analyst: Jay Wortley