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**SFA****BILL ANALYSIS**

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Senate Bill 90 (as introduced 2-1-01)  
Sponsor: Senator Bev Hammerstrom  
Committee: Farming, Agribusiness and Food Systems

Date Completed: 2-28-01

## **CONTENT**

The bill would amend the General Property Tax Act to exempt a greenhouse, but not the land on which it is located, from the collection of taxes under the Act.

("Greenhouse" would mean a structure or enclosure consisting of a wood, fiberglass, or metal frame with a glass, plastic, acrylic, polycarbonate, polyethylene, or similar covering, that was designed to regulate climatic conditions to generate, grow, or store flowering, nursery, or vegetable plants.)

Proposed MCL 211.7gg

Legislative Analyst: L. Arasim

## **FISCAL IMPACT**

State Impact: The bill would negatively affect the State School Aid Fund, both reducing revenues and increasing expenditures, by approximately \$3.5 million in fiscal year (FY) 2001-02 and \$7.3 million in FY 2002-03. The State education tax imposes a levy of 6 mills on greenhouse property and will generate approximately \$0.8 million in revenues in FY 2001-02 and \$1.6 million in FY 2002-03. However, because of the school aid formula, a portion of the bill's local impact would be offset by increased expenditures from the School Aid Fund. These expenditures would begin in FY 2002-03 and would total \$4.5 million in FY 2002-03. As the value of greenhouses increases, and given the continued growth likely in greenhouse activity, the fiscal impact of the bill would continue to increase in fiscal years after FY 2002-03.

Local Impact: The bill also would reduce property tax revenues for local units in which greenhouses are located. While millage rates will vary by jurisdiction, using a statewide average millage rate on nonhomestead property of 46 mills, less the 6-mill State education tax, leaves an average local levy of 40 mills. The State would offset revenue losses from 18 of the 40 mills, since those mills comprise the local school operating levy. Under the above assumptions, after reimbursement from the School Aid Fund, local units would still lose \$2.8 million in local property tax in FY 2001-02 and \$5.8 million in FY 2002-03. Because the School Aid Fund reimbursements are provided to school districts, all of the local impact would fall on local units of government other than schools.

Greenhouses do not comprise a significant portion of the value of property in any county, although there are differences between counties on the portion of property tax revenues that are derived from greenhouses. Based on the 1997 Census of Agriculture, local units located in Kalamazoo, Kent, Macomb, Monroe, Ottawa, and Wayne Counties would experience approximately 75% of the bill's impact, while local units in Allegan, Kalamazoo, Monroe, Ottawa, and Van Buren Counties are most dependent upon property taxes upon greenhouses.

Fiscal Analyst: D. Zin

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