HOUSE RESEARCH =

Bill Summary =

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Section

Homestead owned by a family farm corporation, other entities. Allows a shareholder, member, or partner of a family farm corporation, joint farm venture, limited liability company (LLC), or partnership that also has a separate agricultural homestead whose market value does not reach the maximum value of the first tier homestead class rate, to apply the first tier class rate to property of the entity, up to the unused portion of the first tier maximum value.

Provides that the property of the entity must be contiguous or if noncontiguous, located in the same township or city, or within four townships or cities, or combination thereof. Requires the owner to notify the county assessor by July 1 that a portion of market value may be eligible for the homestead classification for taxes payable in the following year.

Effective for assessment year 2010 and thereafter, for taxes payable in 2011 and thereafter.

For example, if a shareholder of an LLC did not live on the property constituting the LLC, rather had a separate homestead whose total market value was only \$700,000, then \$440,000 of the shareholder's LLC market value would be entitled to receive the 0.5 percent class rate [the first tier class rate applies to the first \$1,140,000 of market value for taxes payable in 2011]. This proposal does not grant any additional homesteads, but it does allow the shareholder to receive the full benefit of the first tier homestead market value if their homestead does not reach the maximum.