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Agricultural Property Taxation (the Pop-up Tax)

In 1994, Proposal A established a state equalized value (SEV) and a taxable value for taxable real estate in Michigan. The taxable value can be increased annually by the lesser of 5% or the rate of inflation. When the property is transferred, the SEV becomes the taxable value to the new owner, hence the pop-up.

Public Acts 260 and 261 of 2000 specify that a transfer of qualified agricultural property is not subject to the pop-up provided that the purchaser files an affidavit with the local assessor and register of deeds attesting that the property will remain as qualified agricultural property (more than 50% of the acreage is devoted to agricultural use).

If the property is converted to non-agricultural use, a recapture tax will be applied which recovers the real estate tax difference between the SEV and taxable value for the last seven years.