SUBSTITUTE FOR

HOUSE BILL NO. 4243

A bill to amend 2006 PA 379, entitled

"Qualified forest property recapture tax act,"

by amending sections 2 and 4 (MCL 211.1032 and 211.1034).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 2. As used in this act:

(a) "Benefit period" means the period in years between the date of the first exempt transfer and the conversion by a change in use, not to exceed the 10 years immediately preceding the year in which the qualified forest property is converted by a change in use.

(b) "Benefit received on that property" means the sum of the number of mills levied in the local tax collecting unit on the qualified forest property in each year of the benefit period, multiplied by the difference in each year of the benefit period between the true cash taxable value of the property and the property's taxable value as determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(c) "Converted by a change in use" means that due to a change in use the property is no longer **ELIGIBLE FOR AN EXEMPTION AS** qualified forest property ~~as determined by the assessor of the local tax collecting unit based on a recommendation from the department of natural resources.~~**UNDER SECTION 7JJ OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.7JJ[1].**

(d) "Exempt transfer" means a conveyance of property that is not a transfer of ownership pursuant to section 27a(7)(o) of the general property tax act, 1893 PA 206, MCL 211.27a.

(e) "Forest products" means that term as defined in section 7jj of the general property tax act, 1893 PA 206, MCL ~~211.7jj.~~**211.7JJ[1].**

(f) "Person" means an individual, partnership, corporation, limited liability company, association, governmental entity, or other legal entity.

(g) "Qualified forest property" means that term as defined in section 7jj of the general property tax act, 1893 PA 206, MCL ~~211.7jj.~~**211.7JJ[1].**

(h) "Recapture tax" means the qualified forest property recapture tax imposed under this act.

(i) "Treasurer" means the state treasurer.

(j) "True cash taxable value" means the taxable value the property would have had if section 27a(7)(o) of the general property tax act, 1893 PA 206, MCL 211.27a, were not in effect.

Sec. 4. The recapture tax under this act shall be imposed at the following rate:

(a) ~~If~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION (C), IF** the property is converted by a change in use and there have not been 1 or more harvests of forest products on that property consistent with the approved forest management plan, the recapture tax shall be calculated in the following manner:

(*i*) Multiply the property's ~~state equalized valuation~~ **TAXABLE VALUE** at the time the property is converted by a change in use by ~~the total millage rate levied by all taxing units in the local tax collecting unit in which the property is located~~ **THE NUMBER OF OPERATING MILLS LEVIED BY THE LOCAL SCHOOL DISTRICT IN WHICH THE PROPERTY IS LOCATED UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211, REDUCED BY THE NUMBER OF MILLS COLLECTED AS A FEE FOR QUALIFIED FOREST PROPERTY UNDER SECTION 7JJ(9) OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.7JJ[1].**

(*ii*) Multiply the product of the calculation under subparagraph (*i*) by ~~7.~~ **THE NUMBER OF YEARS THE PROPERTY HAD BEEN EXEMPT AS QUALIFIED FOREST PROPERTY UNDER SECTION 7JJ OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.7JJ[1], BEFORE THE PROPERTY WAS CONVERTED BY A CHANGE IN USE NOT TO EXCEED THE 7 YEARS IMMEDIATELY PRECEDING THE YEAR IN WHICH THE QUALIFIED FOREST PROPERTY WAS CONVERTED BY A CHANGE IN USE.**

(*iii*) Multiply the product of the calculation under subparagraph (*ii*) by 2.

(b) ~~If~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION (C), IF** the property is converted by a change in use and there have been 1 or more harvests of forest products on that property consistent with the approved forest management plan, the recapture tax shall be calculated in the following manner:

(*i*) Multiply the property's ~~state equalized valuation~~ **TAXABLE VALUE** at the time the property is converted by a change in use by ~~the total millage rate levied by all taxing units in the local tax collecting unit in which the property is located~~ **THE NUMBER OF OPERATING MILLS LEVIED BY THE LOCAL SCHOOL DISTRICT IN WHICH THE PROPERTY IS LOCATED UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211, REDUCED BY THE NUMBER OF MILLS COLLECTED AS A FEE FOR QUALIFIED FOREST PROPERTY UNDER SECTION 7JJ(9) OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.7JJ[1].**

(*ii*) Multiply the product of the calculation under subparagraph (*i*) by ~~7.~~**THE NUMBER OF YEARS THE PROPERTY HAD BEEN EXEMPT AS QUALIFIED FOREST PROPERTY UNDER SECTION 7JJ OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.7JJ[1], BEFORE THE PROPERTY WAS CONVERTED BY A CHANGE IN USE NOT TO EXCEED THE 7 YEARS IMMEDIATELY PRECEDING THE YEAR IN WHICH THE QUALIFIED FOREST PROPERTY WAS CONVERTED BY A CHANGE IN USE.**

(C) IF THE PROPERTY WAS ELIGIBLE FOR EXEMPTION UNDER SECTION 7JJ OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.7JJ[1], AS A RESULT OF THE WITHDRAWAL OF THAT PROPERTY FROM THE OPERATION OF PART 511 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.51101 TO 324.51120, AS PROVIDED IN SECTION 51108(5) OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.51108, AND THE PROPERTY IS CONVERTED BY A CHANGE IN USE WITHIN 7 YEARS AFTER THE WITHDRAWAL OF THAT PROPERTY FROM THE OPERATION OF PART 511 OF THE NATURAL

RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.51101 TO 324.51120, THE RECAPTURE TAX IS AN AMOUNT EQUAL TO THE APPLICATION FEE AND PENALTY THAT WOULD HAVE BEEN ASSESSED UNDER SECTION 51108 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.51108, TO WITHDRAW THAT PROPERTY FROM THE OPERATION OF PART 511 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.51101 TO 324.51120, IN THE YEAR IN WHICH THE PROPERTY IS CONVERTED BY A CHANGE OF USE, CALCULATED AS IF THE PROPERTY HAD NOT BEEN WITHDRAWN FROM THE OPERATION OF PART 511 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.51101 TO 324.51120. IF THE PROPERTY IS CONVERTED BY A CHANGE IN USE MORE THAN 7 YEARS AFTER THE WITHDRAWAL OF THAT PROPERTY FROM THE OPERATION OF PART 511 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.51101 TO 324.51120, THE RECAPTURE TAX SHALL BE CALCULATED UNDER SUBDIVISION (A) OR (B), AS APPLICABLE.

(D) ~~(c)~~ In addition to the recapture tax calculated under subdivision (a)**,** ~~or~~ (b), **OR (C),** if property is converted by a change in use and the taxable value of the property was not adjusted under section 27a(3) of the general property tax act, 1893 PA 206, MCL 211.27a, after a transfer of ownership of the property due to the provisions of section 27a(7)(o) of the general property tax act, 1893 PA 206, MCL 211.27a, the recapture tax shall include the benefit received on that property.

Enacting section 1. This amendatory act takes effect June 1, 2013.