

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4380**

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7jj (MCL 211.7jj[1]), as amended by 2013 PA 42.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7jj. (1) Except as otherwise limited in this subsection,
2 qualified forest property is exempt from the tax levied by a local
3 school district for school operating purposes to the extent
4 provided under section 1211 of the revised school code, 1976 PA
5 451, MCL 380.1211, according to the provisions of this section.
6 Buildings, structures, or land improvements located on qualified
7 forest property are not eligible for the exemption under this
8 section. The amount of qualified forest property in this state that
9 is eligible for the exemption under this section is limited as

1 follows:

2 (a) In the fiscal year ending September 30, 2008, 300,000
3 acres.

4 (b) In the fiscal year ending September 30, 2009, 600,000
5 acres.

6 (c) In the fiscal year ending September 30, 2010, 900,000
7 acres.

8 (d) In the fiscal year ending September 30, 2011 and each
9 fiscal year thereafter, 1,200,000 acres. Beginning in the fiscal
10 year ending September 30, 2013 and each fiscal year thereafter,
11 real property eligible for exemption under this section as
12 qualified forest property as a result of the withdrawal of that
13 property from the operation of part 511 of the natural resources
14 and environmental protection act, 1994 PA 451, MCL 324.51101 to
15 324.51120, as provided in section 51108(5) of the natural resources
16 and environmental protection act, 1994 PA 451, MCL 324.51108, shall
17 not be credited against the 1,200,000 acres of property that are
18 eligible for exemption as qualified forest property under this
19 section.

20 (2) If a property owner is interested in obtaining an
21 exemption for qualified forest property under this section, the
22 property owner may contact the local conservation district or the
23 department, and the local conservation district or the department
24 shall advise the property owner on the exemption process. If
25 requested by the property owner, the local conservation district or
26 the department shall provide the property owner with a list of
27 qualified foresters to prepare a forest management plan. The

1 department shall maintain a list of qualified foresters throughout
2 the state and shall make the list available to the conservation
3 districts and to interested property owners. To claim an exemption
4 under subsection (1), a property owner shall obtain a forest
5 management plan from a qualified forester and submit a digital copy
6 of that forest management plan, an application for exemption as
7 qualified forest property, and a fee of \$50.00 to the department on
8 a form created by the department by September 1 prior to the tax
9 year within which the exemption is requested. A forest management
10 plan is not subject to the freedom of information act, 1976 PA 442,
11 MCL 15.231 to 15.246. The department shall forward a copy of the
12 application to the local conservation district for review and to
13 the local tax collecting unit for notification of the application.

14 (3) A conservation district shall review the application to
15 determine if the applied-for property meets the minimum
16 requirements set forth in subsection (16)(i) for enrolling into the
17 qualified forest program. A conservation district shall respond
18 within 45 days of the date of its receipt of the application
19 indicating whether the property in the application is eligible for
20 enrollment. If the conservation district does not respond within 45
21 days of its receipt of the application, the property shall be
22 considered eligible for the exemption under this section.

23 (4) The department shall review the application, comments from
24 the conservation district, and the forest management plan to
25 determine if the property is eligible for the exemption under this
26 section. The department shall review the forest management plan to
27 determine if the elements required in subsection (16)(e) are in the

1 plan. Within 90 days of its receipt of the application, forest
2 management plan, and fee, the department shall review the
3 application and if the application and supporting documents are not
4 in compliance, the department shall notify the property owner of
5 denial. If the application and supporting documents are in
6 compliance with the requirements of this section, the department
7 shall approve the application and shall prepare a qualified forest
8 school tax affidavit, in recordable form, indicating all of the
9 following:

10 (a) The name of the property owner.

11 (b) The legal description of the property.

12 (c) The year the application was submitted for the exemption.

13 (d) A statement that the property owner is attesting that the
14 property for which the exemption is claimed is qualified forest
15 property and will be managed according to the approved forest
16 management plan.

17 (5) The department shall send a qualified forest school tax
18 affidavit prepared under subsection (4) to the property owner for
19 execution. The 90-day review period by the department may be
20 extended upon request of the property owner. The property owner
21 shall execute the qualified forest school tax affidavit and shall
22 have the executed qualified forest school tax affidavit recorded by
23 the register of deeds in the county in which the property is
24 located. The property owner shall provide a copy of the qualified
25 forest school tax affidavit to the department. The department shall
26 provide 1 copy of the qualified forest school tax affidavit to the
27 conservation district and 1 copy to the department of treasury.

1 These copies may be sent electronically.

2 (6) If the application is denied, the property owner has 30
3 days from the date of notification of the denial by the department
4 to initiate an appeal of that denial. An appeal of the denial shall
5 be by certified letter to the director of the department.

6 (7) To claim an exemption under subsection (1), the owner of
7 qualified forest property shall provide a copy of the recorded
8 qualified forest school tax affidavit attesting that the land is
9 qualified forest property to the local tax collecting unit and
10 assessor by December 31. An owner may claim an exemption under this
11 section for not more than 640 acres maximum or the equivalent of 16
12 survey units consisting of 1/4 of 1/4 of a section of qualified
13 forest property in each local tax collecting unit. If an exemption
14 is granted under this section for less than 640 acres in a local
15 tax collecting unit, an owner of that property may subsequently
16 claim an exemption for additional property in that local tax
17 collecting unit if that additional property meets the requirements
18 of this section.

19 (8) If a copy of the recorded qualified forest school tax
20 affidavit is provided to the assessor by the owner, the assessor
21 shall exempt the property from the collection of the tax as
22 provided in subsection (1) until December 31 of the year in which
23 the property is no longer qualified forest property.

24 (9) Beginning in the year that qualified forest property is
25 first exempt under this section and each year thereafter, the local
26 tax collecting unit shall collect a fee on each parcel of qualified
27 forest property exempt under this section located in that local tax

1 collecting unit. The fee shall be determined by multiplying 2 mills
2 by the taxable value of that qualified forest property. The fee
3 shall be collected at the same time and in the same manner as taxes
4 collected under this act. Each local tax collecting unit shall
5 disburse the fee collected under this subsection to the department
6 of treasury for deposit in the private forestland enhancement fund
7 created in section 51305 of the natural resources and environmental
8 protection act, 1994 PA 451, MCL 324.51305. If property is no
9 longer exempt as qualified forest property under this section, the
10 fee under this subsection shall not be collected on that property.
11 The fee collected in this subsection shall be subject to the
12 property tax administration fee established by the local tax
13 collecting unit under section 44.

14 (10) Not more than 90 days after all or a portion of the
15 exempted property is no longer qualified forest property, the owner
16 shall rescind the exemption for the applicable portion of the
17 property by filing with the register of deeds for the county in
18 which the exempted property is located a rescission form prescribed
19 by the department. A copy of the rescission form shall be provided
20 to the assessor. The rescission form shall include a legal
21 description of the exempted property. An owner who fails to file a
22 rescission as required by this subsection is subject to a penalty
23 of \$5.00 per day for each separate failure beginning after the 90
24 days have elapsed, up to a maximum of \$1,000.00. This penalty shall
25 be collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be
26 deposited in the private forestland enhancement fund.

27 (11) An owner of property that is qualified forest property on

1 December 31 for which an exemption was not on the tax roll may file
2 an appeal with the July or December board of review under section
3 53b in the year the exemption was claimed or the immediately
4 succeeding year.

5 (12) If property for which an exemption has been granted under
6 this section is not qualified forest property, the property that
7 had been subject to that exemption shall be immediately placed on
8 the tax roll by the local tax collecting unit if the local tax
9 collecting unit has possession of the tax roll or by the county
10 treasurer if the county has possession of the tax roll as though
11 the exemption had not been granted. A corrected tax bill shall be
12 issued for each tax year being adjusted by the local tax collecting
13 unit if the local tax collecting unit has possession of the tax
14 roll or by the county treasurer if the county has possession of the
15 tax roll.

16 (13) If all or a portion of property for which an exemption
17 has been granted under this section is converted by a change in use
18 and is no longer qualified forest property, an owner shall
19 immediately notify the local tax collecting unit, the assessor, the
20 department, and the department of treasury on a form created by the
21 department. The form shall include a legal description of the
22 exempted property. A copy of the form shall be filed with the
23 register of deeds for the county in which the exempted property is
24 located. Upon notice that property is no longer qualified forest
25 property, the local tax collecting unit and assessor shall
26 immediately rescind the exemption under this section and shall
27 place the property on the tax roll as though the exemption under

1 this section had not been granted for the immediately succeeding
2 tax year and the department of treasury shall immediately begin
3 collection of any applicable tax and penalty under this act or
4 under the qualified forest property recapture tax act, 2006 PA 379,
5 MCL 211.1031 to 211.1036. However, beginning June 1, 2013 and
6 ending November 30, 2013, owners of property exempt as qualified
7 forest property prior to January 1, 2013 may execute a new
8 qualified forest school tax affidavit under this section. If an
9 owner of property exempt as qualified forest property elects to
10 execute a new qualified forest school tax affidavit under this
11 section, that owner is not required to pay the \$50.00 fee required
12 under subsection (2). If an owner of qualified forest property
13 elects not to execute a new qualified forest school tax affidavit
14 under this section, the existing affidavit shall be rescinded
15 without penalty and the property shall be placed on the tax roll as
16 though the exemption under this section had not been granted. If a
17 property owner elects not to execute a qualified forest school tax
18 affidavit under this section, the property is not subject to the
19 recapture tax provided for under the qualified forest property
20 recapture tax act, 2006 PA 379, MCL 211.1031 to 211.1036.

21 (14) If qualified forest property is exempt under this
22 section, an owner of that qualified forest property shall report to
23 the department on a form prescribed by the department when a forest
24 practice or timber harvest has occurred on the qualified forest
25 property during a calendar year. The report shall indicate the
26 forest practice completed or the volume and value of timber
27 harvested on that qualified forest property. One copy of the form

1 shall be forwarded to the conservation district, and 1 copy shall
2 be retained by the department for 7 years. If it is determined by
3 the department that a forest practice or harvest has occurred in a
4 calendar year and no report was filed, a fine of \$500.00 may be
5 collected by the department. Beginning December 31, 2013 and every
6 year thereafter, the department shall provide to the standing
7 committees of the senate and house of representatives with primary
8 jurisdiction over forestry issues a report that includes all of the
9 following:

10 (a) The number of acres of qualified forest property in each
11 county.

12 (b) The amount of timber produced on qualified forest property
13 each year.

14 (c) The number of forest management plans completed by
15 conservation districts and the total number of forest management
16 plans submitted for approval each year.

17 (15) While qualified forest property is exempt under this
18 section, the owner shall retain the current management plan, most
19 recent harvest records, recorded copy of a receipt of the tax
20 exemption, and a map that shows the location and size of any
21 buildings and structures on the property. The owner shall make the
22 documents available to the department upon request. The department
23 shall maintain a database listing all qualified forest properties,
24 including the dates indicated for forest practices and harvests in
25 the forest management plan, and shall notify the property owner and
26 the conservation district in any year that forest practices or
27 harvests are to occur. If an owner does not accomplish forest

1 practices and harvests within 3 years after the time specified in
2 the current forest management plan, and the plan has not been
3 amended to extend the date of forest practices and harvests, the
4 property is not eligible for the exemption under this section and
5 the property shall be placed on the tax roll as though the
6 exemption under this section had not been granted as provided in
7 this section and shall be subject to repayment as indicated in the
8 qualified forest property recapture tax act, 2006 PA 379, MCL
9 211.1031 to 211.1036. Information in the database specific to an
10 individual property owner's forest management plan is exempt from
11 disclosure under the freedom of information act, 1976 PA 442, MCL
12 15.231 to 15.246. However, information in the database in the
13 aggregate, including, but not limited to, how much timber would be
14 expected to be on the market each year as a result of enrollees, is
15 not exempt from disclosure under the freedom of information act,
16 1976 PA 442, MCL 15.231 to 15.246.

17 (16) As used in this section:

18 (a) "Approved forest management plan" means a forest
19 management plan developed by a qualified forester. An owner of
20 property shall submit a forest management plan to the department
21 for approval as prescribed in subsection (2). The forest management
22 plan shall include a statement signed by the owner that he or she
23 agrees to comply with all terms and conditions contained in the
24 approved forest management plan. If a forest management plan and
25 application are submitted to the department, the department shall
26 review and either approve or disapprove the owner's application
27 within 90 days of submission. Approval of the plan shall be based

1 solely on compliance with the elements required in subdivision (e).
2 Denial of the plan shall be based solely on noncompliance with the
3 requirements listed in subdivision (e). If the department
4 disapproves a forest management plan, the department shall indicate
5 the changes necessary to qualify the forest management plan for
6 approval on subsequent review. An owner may submit amendments to
7 his or her forestry plan to the department. The department may
8 reject amendments that delay a harvest date repeatedly or
9 indefinitely. A forest management plan submitted for approval shall
10 be for a maximum of 20 years. To continue receiving an exemption
11 under this section, an owner of property shall submit a digital
12 copy of any succeeding proposed forest management plan to the
13 department for approval together with a fee of \$50.00. The first
14 amendment to the plan shall not be subject to a fee. Additional
15 amendments may be subject to a fee of \$50.00.

16 (b) "Conservation district" means a conservation district
17 organized under part 93 of the natural resources and environmental
18 protection act, 1994 PA 451, MCL 324.9301 to 324.9313.

19 (c) "Converted by a change in use" means that term as defined
20 in section 2 of the qualified forest property recapture tax act,
21 2006 PA 379, MCL 211.1032.

22 (d) "Department" means the department of agriculture and rural
23 development.

24 (e) "Forest management plan" means a written plan prepared and
25 signed by a qualified forester that prescribes measures to optimize
26 production, utilization, and regeneration of forest resources. The
27 forest management plan shall include a schedule and timetables for

1 the various silvicultural practices used on forestlands, which
2 shall be a maximum of 20 years in length. A forest management plan
3 shall include all of the following:

4 (i) The name and address of each owner of the property.

5 (ii) The legal description and parcel identification number of
6 the property or of the parcel on which the property is located.

7 (iii) A statement of the owner's forest management objectives.

8 (iv) A map, diagram, or aerial photograph that identifies both
9 forested and unforested areas of the property, using conventional
10 map symbols indicating the species, size, and stocking rate and
11 other major features of the property, including the location of any
12 buildings. The location and use of any buildings can be established
13 on a map created by a qualified forester and does not require a
14 survey by a registered surveyor.

15 (v) A description of forest practice, including harvesting,
16 thinning, and reforestation, that will be undertaken, specifying
17 the approximate period of time before each is completed.

18 (vi) A description of soil conservation practices that may be
19 necessary to control any soil erosion that may result from the
20 forest practice described pursuant to subparagraph (v).

21 (vii) A description of activities that may be undertaken for
22 the management of forest resources other than trees, including
23 wildlife habitat, watersheds, and aesthetic features.

24 (f) "Forest practice" means any action intended to improve
25 forestland or forest resources and includes, but is not limited to,
26 any of the following:

27 (i) The preparation of forest management plans for forestland.

1 (ii) The improvement of species of forest trees.

2 (iii) Reforestation.

3 (iv) The harvesting of species of forest trees.

4 (v) Road construction associated with the improvement or
5 harvesting of forest tree species or reforestation.

6 (vi) Use of chemicals or fertilizers for the purpose of growing
7 or managing species of forest trees.

8 (vii) Applicable silvicultural practices.

9 (g) "Forest products" includes, but is not limited to, timber
10 and pulpwood-related products.

11 (h) "Harvest" means the point at which timber that has been
12 cut, severed, or removed for purposes of sale or use is first
13 measured in the ordinary course of business as determined by
14 reference to common practice in the timber industry.

15 (i) "Qualified forest property" means a parcel of real
16 property that meets all of the following conditions as determined
17 by the department of agriculture and rural development:

18 (i) Is not less than 20 contiguous acres in size. For parcels
19 less than 40 acres, not less than 80% shall be stocked with
20 productive forest capable of producing forest products. For parcels
21 40 acres or more, not less than 50% shall be stocked with
22 productive forest capable of producing forest products. Contiguity
23 is not broken by a road, a right-of-way, or property purchased or
24 taken under condemnation proceedings by a public utility for power
25 transmission lines if the 2 parcels separated by the purchased or
26 condemned property were a single parcel prior to the sale or
27 condemnation. As used in this subparagraph, "productive forest"

1 means real property capable of growing not less than 20 cubic feet
2 of wood per acre per year. However, if property has been considered
3 productive forest, an act of God that negatively affects that
4 property shall not result in that property not being considered
5 productive forest.

6 (ii) Is subject to an approved forest management plan.

7 (iii) For a parcel exempt as qualified agricultural property
8 under section 7ee, the qualified forest portion of the parcel shall
9 be not less than 20 contiguous acres. If the qualified forest
10 portion of the parcel is less than 40 acres, not less than 80%
11 shall be stocked with productive forest capable of producing forest
12 products. If the qualified forest portion of the parcel is 40 acres
13 or more, not less than 50% shall be stocked with productive forest
14 capable of producing forest products.

15 (j) "Qualified forester" means an individual who meets 1 or
16 more of the following requirements and has registered with the
17 department of agriculture and rural development under section 51306
18 of the natural resources and environmental protection act, 1994 PA
19 451, MCL 324.51306:

20 (i) Is a forester certified by the society of American
21 foresters.

22 (ii) Is a forest stewardship plan writer.

23 (iii) Is a technical service provider as registered by the
24 United States department of agriculture for forest management plan
25 development.

26 ~~—— (iv) Is a registered forester.~~

27 ~~—— (k) "Registered forester" means a person registered under~~

1 ~~article 21 of the occupational code, 1980 PA 299, MCL 339.2101 to~~
2 ~~339.2108.~~

3 Enacting section 1. This amendatory act does not take effect
4 unless Senate Bill No. 481 or House Bill No. 4381 of the 97th
5 Legislature is enacted into law.