

SENATE BILL No. 1126

March 25, 2004, Introduced by Senators JELINEK and SWITALSKI and referred to the Committee on Finance.

A bill to provide for the exemption of certain property from certain taxes; to levy and collect a specific tax upon the owners of certain property; to provide for the disposition of the tax; to clarify the ownership of certain parcels of property; to prescribe the powers and duties of certain local government officials; and to provide penalties.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "severed mineral rights specific tax act".

3 Sec. 2. As used in this act:

4 (a) "Commission" means the state tax commission created by
5 1927 PA 360, MCL 209.101 to 209.107.

6 (b) "Severed mineral rights" means mineral rights to real
7 property that are owned by a person other than the owner of the
8 surface rights to the real property and that have not been

1 developed, that have not been explored, and that are not in
2 production.

3 Sec. 3. Severed mineral rights are exempt from ad valorem
4 property taxes collected under the general property tax act, 1893
5 PA 206, MCL 211.1 to 211.157, as provided under section 6b of the
6 general property tax act, 1893 PA 206, MCL 211.6b.

7 Sec. 4. (1) There is levied upon every owner of severed
8 mineral rights a specific tax to be known as the severed mineral
9 rights specific tax.

10 (2) The amount of the severed mineral rights specific tax in
11 each year is \$4.00 per acre.

12 (3) The severed mineral rights specific tax shall be
13 collected, disbursed, and assessed in accordance with this act.

14 (4) The severed mineral rights tax is an annual tax, payable
15 at the same times, in the same installments, and to the same
16 officer or officers as taxes imposed under the general property
17 tax act, 1893 PA 206, MCL 211.1 to 211.157, are payable. Except
18 as otherwise provided in this section, the officer or officers
19 shall disburse the severed mineral rights specific tax payments
20 received by the officer or officers each year to and among this
21 state and cities, townships, villages, school districts,
22 counties, or other taxing units, at the same times and in the
23 same proportions as required by law for the disbursement of taxes
24 collected under the general property tax act, 1893 PA 206, MCL
25 211.1 to 211.157.

26 (5) For intermediate school districts receiving state aid
27 under sections 56, 62, and 81 of the state school aid act of

1 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the
2 amount of severed mineral rights specific tax that would
3 otherwise be disbursed to an intermediate school district, all or
4 a portion, to be determined on the basis of the tax rates being
5 utilized to compute the amount of state aid, shall be paid
6 instead to the state treasury to the credit of the state school
7 aid fund established by section 11 of article IX of the state
8 constitution of 1963.

9 (6) The amount of severed mineral rights property specific
10 tax described in subsection (2) that would otherwise be disbursed
11 to a local school district for school operating purposes shall be
12 paid instead to the state treasury and credited to the state
13 school aid fund established by section 11 of article IX of the
14 state constitution of 1963.

15 (7) The officer or officers shall send a copy of the amount
16 of disbursement made to each unit under this section to the
17 commission on a form provided by the commission.

18 (8) Severed mineral rights property located in a renaissance
19 zone under the Michigan renaissance zone act, 1996 PA 376, MCL
20 125.2681 to 125.2696, is exempt from the severed mineral rights
21 specific tax levied under this act to the extent and for the
22 duration provided pursuant to the Michigan renaissance zone act,
23 1996 PA 376, MCL 125.2681 to 125.2696.

24 Sec. 5. (1) Unpaid severed mineral rights property specific
25 taxes are not subject to return as delinquent taxes under the
26 general property tax act, 1893 PA 206, MCL 211.1 to 211.157. The
27 amount of the severed mineral rights property specific tax, until

1 paid, is a lien upon that severed mineral rights property.
2 Proceedings upon the lien as provided by law for the judicial
3 foreclosure of mortgage liens upon real property may commence
4 after the date that the taxes would have been returned as
5 delinquent under the general property tax act, 1893 PA 206, MCL
6 211.1 to 211.157, if that property had not been exempt under
7 section 3 and only upon the filing by the appropriate collecting
8 officer of a certificate of nonpayment of the severed mineral
9 rights property specific tax applicable to the real property,
10 together with an affidavit of proof of service of the certificate
11 of nonpayment upon the owner of that property by certified mail,
12 with the register of deeds of the county in which the property is
13 situated.

14 (2) If the severed mineral rights property specific tax
15 remains unpaid after the date that the severed mineral rights
16 would have been subject to forfeiture, foreclosure, and sale
17 under the general property tax act, 1893 PA 206, MCL 211.1 to
18 211.157, the severed mineral rights shall be considered abandoned
19 and all rights, title, and interest in the severed mineral rights
20 shall vest in the owner or owners of the surface rights.