

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5454

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
by amending sections 51105, 51106, 51108, and 51116 (MCL 324.51105,
324.51106, 324.51108, and 324.51116), section 51105 as amended by
1996 PA 451 and sections 51106, 51108, and 51116 as added by 1995
PA 57.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 51105. (1) Commercial forests are not subject to the ad
2 valorem general property tax after the date the township supervisor
3 is notified by the department that the land is a commercial forest,
4 except taxes as previously levied. Except **AS OTHERWISE PROVIDED IN**
5 **PART 512 AND** as provided in subsection (5), commercial forests are
6 subject to an annual specific tax as follows:

1 ~~—— (a) Through October 1, 1981, 15 cents per acre.~~

2 ~~—— (b) After October 1, 1981 and through December 31, 1989, 30~~
 3 ~~cents per acre.~~

4 ~~—— (c) After December 31, 1989 and through December 31, 1993, 38~~
 5 ~~cents per acre.~~

6 (A) ~~—(d) Beginning January 1, 1994~~ UNTIL DECEMBER 31, 2006,
 7 \$1.10 per acre. ~~as adjusted pursuant to section 51107.~~

8 (B) BEGINNING JANUARY 1, 2007 THROUGH DECEMBER 31, 2011, \$1.20
 9 PER ACRE.

10 (C) BEGINNING JANUARY 1, 2012 AND EVERY 5 YEARS AFTER THAT
 11 DATE, THE AMOUNT OF THE ANNUAL SPECIFIC TAX UNDER THIS SECTION
 12 SHALL BE INCREASED BY 5 CENTS PER ACRE.

13 (2) The supervisor of the township shall remove from the list
 14 of land descriptions assessed and taxed under the ad valorem
 15 general property tax the land descriptions certified to him or her
 16 by the department as being commercial forests and shall enter those
 17 land descriptions on a roll separate from lands assessed and taxed
 18 by the ad valorem general property tax and shall spread against
 19 these commercial forests the specific tax provided by this section.

20 (3) The township treasurer shall collect the specific tax at
 21 the same time and in the same manner as ad valorem general property
 22 taxes are collected and this tax is subject to the same collection
 23 charges levied for the collection of ad valorem property taxes.
 24 Commercial forests are subject to return and sale for nonpayment of
 25 taxes in the same manner, at the same time, and under the same
 26 penalties as lands returned and sold for nonpayment of taxes levied
 27 under the ad valorem general property tax laws. A valuation shall

not be determined for descriptions listed as commercial forests and these lands shall not be considered by the county board of commissioners or by the state board of equalization in connection with county or state equalization for ad valorem property taxation purposes.

(4) Except as provided in section 51109(2), all sums collected pursuant to this section shall be distributed by the township treasurer in the same proportions to the various funds as the ad valorem general property tax is allocated in the township.

(5) Commercial forestland located in a renaissance zone under the Michigan renaissance zone act, ~~Act No. 376 of the Public Acts of 1996, being sections 125.2681 to 125.2696 of the Michigan Compiled Laws~~ **1996 PA 376, MCL 125.2681 TO 125.2696**, is exempt from the annual specific tax levied under this section to the extent and for the duration provided pursuant to ~~Act No. 376 of the Public Acts of 1996~~ **THAT ACT.**

Sec. 51106. (1) On December 1 of each year, the department shall certify to the state treasurer the number of acres that are commercial forestlands in each county and the state treasurer shall transmit to the treasurer of each county in which these commercial forests are located a warrant on the state treasurer for an amount equal to ~~\$1.20 per acre, as adjusted by section 51107, upon each acre of~~ **THE FOLLOWING FOR** commercial forest in the county: ~~—The~~

(A) UNTIL DECEMBER 31, 2011, \$1.20 PER ACRE.

(B) BEGINNING JANUARY 1, 2012 AND EVERY 5 YEARS AFTER THAT DATE, THE AMOUNT OF THE ANNUAL PAYMENT UNDER THIS SECTION SHALL BE INCREASED BY 5 CENTS PER ACRE.

1 **(2) FROM THE PAYMENTS RECEIVED UNDER SUBSECTION (1), THE**
2 county treasurer of each county shall distribute an amount equal to
3 25 cents per acre for each acre of commercial forest in the county
4 in the same proportions between the various funds as the ad valorem
5 general property tax is distributed by the township treasurers in
6 each township. Except as provided by section 51109(2), the county
7 treasurer of each county shall distribute the remainder of the
8 funds ~~transmitted pursuant to~~ **RECEIVED UNDER** this section
9 ~~pursuant to the manner in which~~ **IN THE SAME MANNER AND IN THE SAME**
10 **PROPORTION AS AD VALOREM TAXES COLLECTED UNDER THE** ad valorem
11 **GENERAL** property ~~taxes are distributed~~ **TAX.**

12 Sec. 51108. (1) An owner of a commercial forest may withdraw
13 his or her land, in whole or in part, from the operation of this
14 part upon application to the department and payment of the
15 withdrawal application fee and penalty, as provided in this
16 section.

17 (2) Except as otherwise provided by this section, upon
18 application to the department to withdraw commercial forestland
19 from the operation of this part, the applicant shall forward to the
20 department a withdrawal application fee in the amount of \$1.00 per
21 acre with a minimum withdrawal application fee of \$200.00 per
22 application and a maximum withdrawal application fee of \$1,000.00
23 per application.

24 (3) Except as otherwise provided in this section, an
25 application to withdraw commercial forestland from the operation of
26 this part shall be granted upon the payment to the township
27 treasurer in which the commercial forestland is located of a

1 ~~penalty. per acre equal to the product of the current average ad~~
2 ~~valorem property tax per acre on timber cutover real property~~
3 ~~within the township in which the commercial forestland is located,~~
4 ~~as determined by the township assessor, multiplied by 1 of the~~
5 ~~following:~~

6 ~~—— (a) For forestland determined to be a commercial forest before~~
7 ~~January 1, 1994, the number of years, to a maximum of 7 years, that~~
8 ~~the land was subject to this part.~~

9 ~~—— (b) For forestland determined to be a commercial forest after~~
10 ~~December 31, 1993, the number of years, to a maximum of 15 years,~~
11 ~~that the land was subject to this part.~~

12 ~~—— (4) For purposes of calculating the penalty in subsection (3),~~
13 ~~if the township in which the commercial forestland is located does~~
14 ~~not contain any real property classified as timber cutover real~~
15 ~~property under the general property tax act, Act No. 206 of the~~
16 ~~Public Acts of 1893, being sections 211.1 to 211.157 of the~~
17 ~~Michigan Compiled Laws, then 1 of the following applies:~~

18 ~~—— (a) If there is timber cutover real property located within~~
19 ~~the county in which the commercial forestland is located, the per~~
20 ~~acre average of the ad valorem property tax for all timber cutover~~
21 ~~real property located in the county in which the commercial~~
22 ~~forestland is located shall be used in calculating the penalty~~
23 ~~under subsection (3).~~

24 ~~—— (b) If there is no timber cutover real property located within~~
25 ~~the county in which the commercial forestland is located, the per~~
26 ~~acre average of the ad valorem property tax for all timber cutover~~
27 ~~real property in townships contiguous to the county in which the~~

~~commercial forestland is located shall be used in calculating the~~
~~penalty under subsection (3).~~ EXCEPT AS PROVIDED IN SUBSECTION
(4), THE WITHDRAWAL PENALTY SHALL BE CALCULATED IN THE FOLLOWING
MANNER:

(A) MULTIPLY THE NUMBER OF ACRES OF COMMERCIAL FORESTLAND
WITHDRAWN FROM THE OPERATION OF THIS PART BY THE AVERAGE VALUE PER
ACRE FOR COMPARABLE PROPERTY ACQUIRED AFTER DECEMBER 31, 2004 UNDER
SUBPART 14 OF PART 21, AS DETERMINED BY THE STATE TAX COMMISSION
UNDER SECTION 2153.

(B) MULTIPLY THE PRODUCT OF THE CALCULATION IN SUBDIVISION (A)
BY THE TOTAL MILLAGE RATE LEVIED BY ALL TAXING UNITS IN THE LOCAL
TAX COLLECTING UNIT IN WHICH THE PROPERTY IS LOCATED.

(C) MULTIPLY THE PRODUCT OF THE CALCULATION IN SUBDIVISION (B)
BY THE NUMBER OF YEARS, TO A MAXIMUM OF 7 YEARS, IN WHICH THE
PROPERTY WITHDRAWN FROM THE OPERATION OF THIS PART HAS BEEN
DESIGNATED AS COMMERCIAL FORESTLAND UNDER THIS PART.

(4) FOR A PERIOD OF 1 YEAR AFTER THE EFFECTIVE DATE OF THE
2006 AMENDMENTS TO THIS SECTION, THE WITHDRAWAL PENALTY IS AS
FOLLOWS:

(A) SUBJECT TO SUBDIVISION (B), THE WITHDRAWAL PENALTY THAT
WAS IN EFFECT IMMEDIATELY PRIOR TO THE EFFECTIVE DATE OF THE 2006
AMENDMENTS TO THIS SECTION.

(B) IF ALL OF THE FOLLOWING OCCUR, AN OWNER OF COMMERCIAL
FORESTLAND IS NOT SUBJECT TO A WITHDRAWAL PENALTY:

(i) AN OWNER OF COMMERCIAL FORESTLAND WITHDRAWS HIS OR HER LAND
FROM THE OPERATION OF THIS PART AS PROVIDED IN THIS SECTION.

(ii) THE FORMER COMMERCIAL FORESTLAND IS PLACED ON THE

1 ASSESSMENT ROLL IN THE LOCAL TAX COLLECTING UNIT IN WHICH THE
2 FORMER COMMERCIAL FORESTLAND IS LOCATED.

3 (iii) THE OWNER OF THE FORMER COMMERCIAL FORESTLAND CLAIMS AND
4 IS GRANTED AN EXEMPTION FROM THE TAX LEVIED BY A LOCAL SCHOOL
5 DISTRICT FOR SCHOOL OPERATING PURPOSES UNDER SECTION 7JJ OF THE
6 GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.7JJ.

7 (5) An application to withdraw commercial forestland from the
8 operation of this part that meets 1 or more of the following
9 requirements shall be granted without payment of the withdrawal
10 application fee or penalty under this section:

11 (a) Commercial forestland that has been donated to a public
12 body for public use prior to withdrawal.

13 (b) Commercial forestland that has been exchanged for property
14 belonging to a public body if the property received is designated
15 as a commercial forest as determined by the department.

16 (c) Commercial forestland that has been condemned for public
17 use.

18 (6) The department shall remit the withdrawal application fee
19 paid pursuant to subsection (2) to the state treasurer for deposit
20 into the fund. The penalty received by the township treasurer under
21 subsection (3) shall be distributed by the township treasurer in
22 the same proportions to the various funds as the ad valorem general
23 property tax is allocated in the township, except as provided by
24 section 51109(2).

25 (7) If an application to withdraw commercial forestland is
26 granted, the department shall immediately notify the applicant, the
27 supervisor of the township, and the register of deeds of the county

1 in which the lands are located of the action and shall file with
2 those officials a list of the lands withdrawn.

3 Sec. 51116. ~~If an owner of a commercial forestland uses his~~
4 ~~or her commercial forest in violation of this part, fails to pay~~
5 ~~any specific tax under section 51105, fails to report to the~~
6 ~~department pursuant to section 51111, removes minerals in violation~~
7 ~~of section 51113, or, after an owner certifies to the department~~
8 ~~that a forest management plan has been prepared and is in effect,~~
9 ~~fails to plant, harvest, or remove forest products in compliance~~
10 ~~with the owner's forest management plan, the department may upon~~
11 ~~notice to the owner and hearing declassify all or a portion of the~~
12 ~~commercial forest.~~ If, ~~at the~~ **AFTER PROVIDING NOTICE AND AN**
13 **OPPORTUNITY FOR A** hearing, the department determines that ~~the~~ **A**
14 ~~commercial forests were~~ **FOREST WAS** used in violation of this
15 part, that the owner failed to pay the specific tax pursuant to
16 section 51105, that the owner failed to report to the department
17 pursuant to section 51111, that minerals were removed in violation
18 of section 51113, or, after an owner certifies to the department
19 that a forest management plan has been prepared and is in effect,
20 that the owner failed to plant, harvest, or remove forest products
21 in compliance with the owner's forest management plan, then the
22 department shall ~~declassify~~ **REMOVE THE COMMERCIAL FOREST**
23 **DESIGNATION FOR** the commercial forest, serve a notice of
24 declassification of the lands upon the owner, and record a copy of
25 the declassification in the office of the register of deeds of the
26 county in which the lands are located. Upon declassification, the
27 land is subject to the ad valorem general property tax. Within 30

1 days after the service of the declassification notice on the owner,
2 the owner shall pay both of the following:

3 (a) A fee equal to the withdrawal application fee described in
4 section 51108 to the department for deposit into the fund.

5 (b) An amount equal to the penalty described in section 51108
6 to the township treasurer of the township in which the land is
7 located to be distributed, except as provided in section 51109(2),
8 in the same proportions to the various funds as the ad valorem
9 general property tax is allocated in the township.

10 Enacting section 1. This amendatory act does not take effect
11 unless all of the following bills of the 93rd Legislature are
12 enacted into law:

13 (a) House Bill No. 5455.

14 (b) Senate Bill No. 912.

15 (c) Senate Bill No. 917.