

SUBSTITUTE FOR
SENATE BILL NO. 912

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 27a and 53b (MCL 211.27a and 211.53b), section
27a as amended by 2005 PA 23 and section 53b as amended by 2006 PA
13, and by adding section 7jj; and to repeal acts and parts of
acts.

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. THE
6 AMOUNT OF QUALIFIED FOREST PROPERTY IN THIS STATE THAT IS ELIGIBLE

1 FOR THE EXEMPTION UNDER THIS SECTION IS LIMITED AS 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.

10 (2) TO CLAIM AN EXEMPTION UNDER SUBSECTION (1), THE OWNER OF
11 QUALIFIED FOREST PROPERTY SHALL FILE AN AFFIDAVIT CLAIMING THE
12 EXEMPTION AND AN APPROVED FOREST MANAGEMENT PLAN OR A CERTIFICATE
13 PROVIDED BY A THIRD-PARTY CERTIFYING ORGANIZATION WITH THE LOCAL
14 TAX COLLECTING UNIT BY DECEMBER 31. AN OWNER MAY CLAIM AN EXEMPTION
15 UNDER THIS SECTION FOR NOT MORE THAN 320 ACRES OF QUALIFIED FOREST
16 PROPERTY IN EACH LOCAL TAX COLLECTING UNIT. IF AN EXEMPTION IS
17 GRANTED UNDER THIS SECTION FOR LESS THAN 320 ACRES IN A LOCAL TAX
18 COLLECTING UNIT, AN OWNER OF THAT PROPERTY MAY SUBSEQUENTLY CLAIM
19 AN EXEMPTION FOR ADDITIONAL PROPERTY IN THAT LOCAL TAX COLLECTING
20 UNIT IF THAT ADDITIONAL PROPERTY MEETS THE REQUIREMENTS OF THIS
21 SECTION.

22 (3) THE AFFIDAVIT SHALL BE ON A FORM PRESCRIBED BY THE
23 DEPARTMENT OF TREASURY AND SHALL REQUIRE THE PERSON SUBMITTING THE
24 AFFIDAVIT TO ATTEST THAT THE PROPERTY FOR WHICH THE EXEMPTION IS
25 CLAIMED IS QUALIFIED FOREST PROPERTY AND WILL BE MANAGED ACCORDING
26 TO THE APPROVED FOREST MANAGEMENT PLAN.

27 (4) THE ASSESSOR SHALL DETERMINE IF THE PROPERTY IS QUALIFIED

1 FOREST PROPERTY BASED ON A RECOMMENDATION FROM THE DEPARTMENT OF
2 NATURAL RESOURCES AND CONFIRMATION THAT THE ACREAGE LIMITATION SET
3 FORTH IN SUBSECTION (1) HAS NOT BEEN REACHED AND IF SO SHALL EXEMPT
4 THE PROPERTY FROM THE COLLECTION OF THE TAX AS PROVIDED IN
5 SUBSECTION (1) UNTIL DECEMBER 31 OF THE YEAR IN WHICH THE PROPERTY
6 IS NO LONGER QUALIFIED FOREST PROPERTY.

7 (5) NOT MORE THAN 90 DAYS AFTER ALL OR A PORTION OF THE
8 EXEMPTED PROPERTY IS NO LONGER QUALIFIED FOREST PROPERTY, THE OWNER
9 SHALL RESCIND THE EXEMPTION FOR THE APPLICABLE PORTION OF THE
10 PROPERTY BY FILING WITH THE LOCAL TAX COLLECTING UNIT A RESCISSION
11 FORM PRESCRIBED BY THE DEPARTMENT OF TREASURY. AN OWNER WHO FAILS
12 TO FILE A RESCISSION AS REQUIRED BY THIS SUBSECTION IS SUBJECT TO A
13 PENALTY OF \$5.00 PER DAY FOR EACH SEPARATE FAILURE BEGINNING AFTER
14 THE 90 DAYS HAVE ELAPSED, UP TO A MAXIMUM OF \$1,000.00. THIS
15 PENALTY SHALL BE COLLECTED UNDER 1941 PA 122, MCL 205.1 TO 205.31,
16 AND SHALL BE DEPOSITED IN THE GENERAL FUND OF THIS STATE.

17 (6) AN OWNER OF PROPERTY THAT IS QUALIFIED FOREST PROPERTY ON
18 DECEMBER 31 FOR WHICH AN EXEMPTION WAS NOT ON THE TAX ROLL MAY FILE
19 AN APPEAL WITH THE JULY OR DECEMBER BOARD OF REVIEW UNDER SECTION
20 53B IN THE YEAR THE EXEMPTION WAS CLAIMED OR THE IMMEDIATELY
21 SUCCEEDING YEAR. AN OWNER OF PROPERTY THAT IS QUALIFIED FOREST
22 PROPERTY ON MAY 1 FOR WHICH AN EXEMPTION WAS DENIED BY THE ASSESSOR
23 IN THE YEAR THE AFFIDAVIT WAS FILED MAY FILE AN APPEAL WITH THE
24 JULY BOARD OF REVIEW FOR SUMMER TAXES OR, IF THERE IS NOT A SUMMER
25 LEVY OF SCHOOL OPERATING TAXES, WITH THE DECEMBER BOARD OF REVIEW
26 UNDER SECTION 53B.

27 (7) IF THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT BELIEVES

1 THAT THE PROPERTY FOR WHICH AN EXEMPTION HAS BEEN GRANTED IS NOT
2 QUALIFIED FOREST PROPERTY BASED ON A RECOMMENDATION FROM THE
3 DEPARTMENT OF NATURAL RESOURCES, THE ASSESSOR MAY DENY OR MODIFY AN
4 EXISTING EXEMPTION BY NOTIFYING THE OWNER IN WRITING AT THE TIME
5 REQUIRED FOR PROVIDING A NOTICE UNDER SECTION 24C. A TAXPAYER MAY
6 APPEAL THE ASSESSOR'S DETERMINATION TO THE BOARD OF REVIEW MEETING
7 UNDER SECTION 30. A DECISION OF THE BOARD OF REVIEW MAY BE APPEALED
8 TO THE RESIDENTIAL AND SMALL CLAIMS DIVISION OF THE MICHIGAN TAX
9 TRIBUNAL.

10 (8) IF PROPERTY FOR WHICH AN EXEMPTION HAS BEEN GRANTED UNDER
11 THIS SECTION IS NOT QUALIFIED FOREST PROPERTY, THE PROPERTY THAT
12 HAD BEEN SUBJECT TO THAT EXEMPTION SHALL BE IMMEDIATELY PLACED ON
13 THE TAX ROLL BY THE LOCAL TAX COLLECTING UNIT IF THE LOCAL TAX
14 COLLECTING UNIT HAS POSSESSION OF THE TAX ROLL OR BY THE COUNTY
15 TREASURER IF THE COUNTY HAS POSSESSION OF THE TAX ROLL AS THOUGH
16 THE EXEMPTION HAD NOT BEEN GRANTED. A CORRECTED TAX BILL SHALL BE
17 ISSUED FOR EACH TAX YEAR BEING ADJUSTED BY THE LOCAL TAX COLLECTING
18 UNIT IF THE LOCAL TAX COLLECTING UNIT HAS POSSESSION OF THE TAX
19 ROLL OR BY THE COUNTY TREASURER IF THE COUNTY HAS POSSESSION OF THE
20 TAX ROLL.

21 (9) IF PROPERTY FOR WHICH AN EXEMPTION HAS BEEN GRANTED UNDER
22 THIS SECTION IS CONVERTED BY A CHANGE IN USE AND IS NO LONGER
23 QUALIFIED FOREST PROPERTY, THE PROPERTY IS SUBJECT TO THE QUALIFIED
24 FOREST PROPERTY RECAPTURE TAX LEVIED UNDER THE QUALIFIED FOREST
25 PROPERTY RECAPTURE TAX ACT. AN OWNER OF QUALIFIED FOREST PROPERTY
26 SHALL INFORM A PROSPECTIVE BUYER OF THAT QUALIFIED FOREST PROPERTY
27 THAT THE QUALIFIED FOREST PROPERTY IS SUBJECT TO THE RECAPTURE TAX

1 PROVIDED IN THE QUALIFIED FOREST PROPERTY RECAPTURE TAX ACT, IF THE
2 QUALIFIED FOREST PROPERTY IS CONVERTED BY A CHANGE IN USE.

3 (10) IF QUALIFIED FOREST PROPERTY IS EXEMPT UNDER THIS
4 SECTION, AN OWNER OF THAT QUALIFIED FOREST PROPERTY SHALL ANNUALLY
5 REPORT TO THE DEPARTMENT OF NATURAL RESOURCES ON A FORM PRESCRIBED
6 BY THE DEPARTMENT OF NATURAL RESOURCES THE AMOUNT OF TIMBER
7 PRODUCED ON THAT QUALIFIED FOREST PROPERTY AND WHETHER ANY
8 BUILDINGS OR STRUCTURES HAVE BEEN CONSTRUCTED ON THE QUALIFIED
9 FOREST PROPERTY. BEGINNING IN 2008, AND EVERY 3 YEARS THEREAFTER,
10 THE DEPARTMENT OF NATURAL RESOURCES SHALL PROVIDE TO THE STANDING
11 COMMITTEES OF THE SENATE AND HOUSE OF REPRESENTATIVES WITH PRIMARY
12 JURISDICTION OVER FORESTRY ISSUES A REPORT THAT INCLUDES ALL OF THE
13 FOLLOWING:

14 (A) THE NUMBER OF ACRES OF QUALIFIED FOREST PROPERTY IN EACH
15 COUNTY.

16 (B) THE AMOUNT OF TIMBER PRODUCED ON QUALIFIED FOREST PROPERTY
17 EACH YEAR.

18 (11) AS USED IN THIS SECTION:

19 (A) "APPROVED FOREST MANAGEMENT PLAN" MEANS 1 OF THE
20 FOLLOWING:

21 (i) A FOREST MANAGEMENT PLAN APPROVED BY THE DEPARTMENT OF
22 NATURAL RESOURCES. AN OWNER OF PROPERTY MAY SUBMIT A PROPOSED
23 FOREST MANAGEMENT PLAN TO THE DEPARTMENT OF NATURAL RESOURCES FOR
24 APPROVAL. THE PROPOSED FOREST MANAGEMENT PLAN SHALL INCLUDE A
25 STATEMENT SIGNED BY THE OWNER THAT HE OR SHE AGREES TO COMPLY WITH
26 ALL TERMS AND CONDITIONS CONTAINED IN THE APPROVED FOREST
27 MANAGEMENT PLAN. THE DEPARTMENT OF NATURAL RESOURCES MAY CHARGE A

1 FEE OF NOT MORE THAN \$200.00 FOR THE CONSIDERATION OF EACH PROPOSED
2 FOREST MANAGEMENT PLAN SUBMITTED. THE DEPARTMENT OF NATURAL
3 RESOURCES SHALL REVIEW AND EITHER APPROVE OR DISAPPROVE EACH
4 PROPOSED FOREST MANAGEMENT PLAN SUBMITTED. IF THE DEPARTMENT OF
5 NATURAL RESOURCES DISAPPROVES A PROPOSED FOREST MANAGEMENT PLAN,
6 THE DEPARTMENT OF NATURAL RESOURCES SHALL INDICATE THE CHANGES
7 NECESSARY TO QUALIFY THE PROPOSED FOREST MANAGEMENT PLAN FOR
8 APPROVAL ON SUBSEQUENT REVIEW. AT THE REQUEST OF THE OWNER
9 SUBMITTING A PROPOSED FOREST MANAGEMENT PLAN, THE DEPARTMENT OF
10 NATURAL RESOURCES MAY AGREE TO COMPLETE A PROPOSED FOREST
11 MANAGEMENT PLAN. AN OWNER AND THE DEPARTMENT OF NATURAL RESOURCES
12 MAY MUTUALLY AGREE TO AMEND A PROPOSED FOREST MANAGEMENT PLAN OR AN
13 APPROVED FOREST MANAGEMENT PLAN. A FOREST MANAGEMENT PLAN SUBMITTED
14 TO THE DEPARTMENT OF NATURAL RESOURCES FOR APPROVAL SHALL NOT
15 EXTEND BEYOND A PERIOD OF 20 YEARS. AN OWNER OF PROPERTY MAY SUBMIT
16 A SUCCEEDING PROPOSED FOREST MANAGEMENT PLAN TO THE DEPARTMENT OF
17 NATURAL RESOURCES FOR APPROVAL.

18 (ii) A FOREST MANAGEMENT PLAN CERTIFIED BY A THIRD-PARTY
19 CERTIFYING ORGANIZATION.

20 (B) "CONVERTED BY A CHANGE IN USE" MEANS THAT TERM AS DEFINED
21 IN SECTION 2 OF THE QUALIFIED FOREST PROPERTY RECAPTURE TAX ACT.

22 (C) "FOREST PRODUCTS" INCLUDES, BUT IS NOT LIMITED TO, TIMBER
23 AND PULPWOOD-RELATED PRODUCTS.

24 (D) "NATURAL RESOURCES PROFESSIONAL" AND "REGISTERED FORESTER"
25 MEAN THOSE TERMS AS DEFINED IN SECTION 51101 OF THE NATURAL
26 RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL
27 324.51101.

1 (E) "PROPOSED FOREST MANAGEMENT PLAN" MEANS A PROPOSED PLAN
2 FOR SUSTAINABLE FOREST MANAGEMENT THAT INCLUDES, BUT IS NOT LIMITED
3 TO, HARVESTING, PLANTING, AND REGENERATION OF FOREST PRODUCTS ON A
4 PARCEL OF PROPERTY THAT IS PREPARED BY A QUALIFIED FORESTER. A
5 PROPOSED FOREST MANAGEMENT PLAN SHALL INCLUDE ALL OF THE FOLLOWING:

6 (i) THE NAME AND ADDRESS OF EACH OWNER OF THE PROPERTY.

7 (ii) THE LEGAL DESCRIPTION AND PARCEL IDENTIFICATION NUMBER OF
8 THE PROPERTY OR OF THE PARCEL ON WHICH THE PROPERTY IS LOCATED.

9 (iii) A STATEMENT OF THE OWNER'S FOREST MANAGEMENT OBJECTIVES.

10 (iv) A MAP, DIAGRAM, OR AERIAL PHOTOGRAPH THAT IDENTIFIED BOTH
11 FORESTED AND UNFORESTED AREAS OF THE PROPERTY, USING CONVENTIONAL
12 MAP SYMBOLS INDICATING THE SPECIES, SIZE, AND DENSITY OF VEGETATION
13 AND OTHER MAJOR FEATURES OF THE PROPERTY.

14 (v) A DESCRIPTION OF THE FORESTRY PRACTICES, INCLUDING
15 HARVESTING, THINNING, AND REFORESTATION, THAT WILL BE UNDERTAKEN,
16 SPECIFYING THE APPROXIMATE PERIOD OF TIME BEFORE EACH IS COMPLETED.

17 (vi) A DESCRIPTION OF SOIL CONSERVATION PRACTICES THAT MAY BE
18 NECESSARY TO CONTROL ANY SOIL EROSION THAT MAY RESULT FROM THE
19 FORESTRY PRACTICES DESCRIBED PURSUANT TO SUBPARAGRAPH (v).

20 (vii) A PROPOSED FOREST MANAGEMENT PLAN SHALL ALSO INCLUDE A
21 DESCRIPTION OF ACTIVITIES THAT MAY BE UNDERTAKEN FOR THE MANAGEMENT
22 OF FOREST RESOURCES OTHER THAN TREES, INCLUDING WILDLIFE HABITAT,
23 WATERSHEDS, AND AESTHETIC FEATURES.

24 (F) "QUALIFIED FOREST PROPERTY" MEANS A PARCEL OF REAL
25 PROPERTY THAT MEETS ALL OF THE FOLLOWING CONDITIONS AS DETERMINED
26 BY THE DEPARTMENT OF NATURAL RESOURCES:

27 (i) IS NOT LESS THAN 20 CONTIGUOUS ACRES IN SIZE, OF WHICH NOT

1 LESS THAN 80% IS PRODUCTIVE FOREST CAPABLE OF PRODUCING WOOD
2 PRODUCTS. CONTIGUITY IS NOT BROKEN BY A ROAD, A RIGHT-OF-WAY, OR
3 PROPERTY PURCHASED OR TAKEN UNDER CONDEMNATION PROCEEDINGS BY A
4 PUBLIC UTILITY FOR POWER TRANSMISSION LINES IF THE 2 PARCELS
5 SEPARATED BY THE PURCHASED OR CONDEMNED PROPERTY WERE A SINGLE
6 PARCEL PRIOR TO THE SALE OR CONDEMNATION. AS USED IN THIS
7 SUBPARAGRAPH, "PRODUCTIVE FOREST" MEANS REAL PROPERTY CAPABLE OF
8 GROWING NOT LESS THAN 20 CUBIC FEET OF WOOD PER ACRE PER YEAR.
9 HOWEVER, IF PROPERTY HAS BEEN CONSIDERED PRODUCTIVE FOREST, AN ACT
10 OF GOD THAT NEGATIVELY AFFECTS THAT PROPERTY SHALL NOT RESULT IN
11 THAT PROPERTY NOT BEING CONSIDERED PRODUCTIVE FOREST.

12 (ii) IS STOCKED WITH FOREST PRODUCTS.

13 (iii) HAS NO BUILDINGS OR STRUCTURES LOCATED ON THE REAL
14 PROPERTY.

15 (iv) IS SUBJECT TO AN APPROVED FOREST MANAGEMENT PLAN.

16 (G) "QUALIFIED FORESTER" MEANS NATURAL RESOURCES PROFESSIONAL,
17 A REGISTERED FORESTER, OR A CONSERVATION DISTRICT FORESTER.

18 (H) "THIRD-PARTY CERTIFYING ORGANIZATION" MEANS AN INDEPENDENT
19 THIRD-PARTY ORGANIZATION THAT ASSESSES AND EVALUATES FOREST
20 MANAGEMENT PRACTICES ACCORDING TO THE STANDARDS OF A CERTIFICATION
21 PROGRAM THAT MEASURES WHETHER FOREST MANAGEMENT PRACTICES ARE
22 CONSISTENT WITH PRINCIPLES OF SUSTAINABLE FORESTRY. THIRD-PARTY
23 CERTIFYING ORGANIZATION INCLUDES, BUT IS NOT LIMITED TO, THE FOREST
24 STEWARDSHIP COUNCIL AND THE SUSTAINABLE FOREST INITIATIVE.

25 Sec. 27a. (1) Except as otherwise provided in this section,
26 property shall be assessed at 50% of its true cash value under
27 section 3 of article IX of the state constitution of 1963.

1 (2) Except as otherwise provided in subsection (3), for taxes
2 levied in 1995 and for each year after 1995, the taxable value of
3 each parcel of property is the lesser of the following:

4 (a) The property's taxable value in the immediately preceding
5 year minus any losses, multiplied by the lesser of 1.05 or the
6 inflation rate, plus all additions. For taxes levied in 1995, the
7 property's taxable value in the immediately preceding year is the
8 property's state equalized valuation in 1994.

9 (b) The property's current state equalized valuation.

10 (3) Upon a transfer of ownership of property after 1994, the
11 property's taxable value for the calendar year following the year
12 of the transfer is the property's state equalized valuation for the
13 calendar year following the transfer.

14 (4) If the taxable value of property is adjusted under
15 subsection (3), a subsequent increase in the property's taxable
16 value is subject to the limitation set forth in subsection (2)
17 until a subsequent transfer of ownership occurs. If the taxable
18 value of property is adjusted under subsection (3) and the assessor
19 determines that there had not been a transfer of ownership, the
20 taxable value of the property shall be adjusted at the July or
21 December board of review. Notwithstanding the limitation provided
22 in section 53b(1) on the number of years for which a correction may
23 be made, the July or December board of review may adjust the
24 taxable value of property under this subsection for the current
25 year and for the 3 immediately preceding calendar years. A
26 corrected tax bill shall be issued for each tax year for which the
27 taxable value is adjusted by the local tax collecting unit if the

1 local tax collecting unit has possession of the tax roll or by the
2 county treasurer if the county has possession of the tax roll. For
3 purposes of section 53b, an adjustment under this subsection shall
4 be considered the correction of a clerical error.

5 (5) Assessment of property, as required in this section and
6 section 27, is inapplicable to the assessment of property subject
7 to the levy of ad valorem taxes within voted tax limitation
8 increases to pay principal and interest on limited tax bonds issued
9 by any governmental unit, including a county, township, community
10 college district, or school district, before January 1, 1964, if
11 the assessment required to be made under this act would be less
12 than the assessment as state equalized prevailing on the property
13 at the time of the issuance of the bonds. This inapplicability
14 shall continue until levy of taxes to pay principal and interest on
15 the bonds is no longer required. The assessment of property
16 required by this act shall be applicable for all other purposes.

17 (6) As used in this act, "transfer of ownership" means the
18 conveyance of title to or a present interest in property, including
19 the beneficial use of the property, the value of which is
20 substantially equal to the value of the fee interest. Transfer of
21 ownership of property includes, but is not limited to, the
22 following:

23 (a) A conveyance by deed.

24 (b) A conveyance by land contract. The taxable value of
25 property conveyed by a land contract executed after December 31,
26 1994 shall be adjusted under subsection (3) for the calendar year
27 following the year in which the contract is entered into and shall

1 not be subsequently adjusted under subsection (3) when the deed
2 conveying title to the property is recorded in the office of the
3 register of deeds in the county in which the property is located.

4 (c) A conveyance to a trust after December 31, 1994, except if
5 the settlor or the settlor's spouse, or both, conveys the property
6 to the trust and the sole present beneficiary or beneficiaries are
7 the settlor or the settlor's spouse, or both.

8 (d) A conveyance by distribution from a trust, except if the
9 distributee is the sole present beneficiary or the spouse of the
10 sole present beneficiary, or both.

11 (e) A change in the sole present beneficiary or beneficiaries
12 of a trust, except a change that adds or substitutes the spouse of
13 the sole present beneficiary.

14 (f) A conveyance by distribution under a will or by intestate
15 succession, except if the distributee is the decedent's spouse.

16 (g) A conveyance by lease if the total duration of the lease,
17 including the initial term and all options for renewal, is more
18 than 35 years or the lease grants the lessee a bargain purchase
19 option. As used in this subdivision, "bargain purchase option"
20 means the right to purchase the property at the termination of the
21 lease for not more than 80% of the property's projected true cash
22 value at the termination of the lease. After December 31, 1994, the
23 taxable value of property conveyed by a lease with a total duration
24 of more than 35 years or with a bargain purchase option shall be
25 adjusted under subsection (3) for the calendar year following the
26 year in which the lease is entered into. This subdivision does not
27 apply to personal property except buildings described in section

1 14(6) and personal property described in section 8(h), (i), and
2 (j). This subdivision does not apply to that portion of the
3 property not subject to the leasehold interest conveyed.

4 (h) A conveyance of an ownership interest in a corporation,
5 partnership, sole proprietorship, limited liability company,
6 limited liability partnership, or other legal entity if the
7 ownership interest conveyed is more than 50% of the corporation,
8 partnership, sole proprietorship, limited liability company,
9 limited liability partnership, or other legal entity. Unless
10 notification is provided under subsection (10), the corporation,
11 partnership, sole proprietorship, limited liability company,
12 limited liability partnership, or other legal entity shall notify
13 the assessing officer on a form provided by the state tax
14 commission not more than 45 days after a conveyance of an ownership
15 interest that constitutes a transfer of ownership under this
16 subdivision.

17 (i) A transfer of property held as a tenancy in common, except
18 that portion of the property not subject to the ownership interest
19 conveyed.

20 (j) A conveyance of an ownership interest in a cooperative
21 housing corporation, except that portion of the property not
22 subject to the ownership interest conveyed.

23 (7) Transfer of ownership does not include the following:

24 (a) The transfer of property from 1 spouse to the other spouse
25 or from a decedent to a surviving spouse.

26 (b) A transfer from a husband, a wife, or a husband and wife
27 creating or disjoining a tenancy by the entirety in the grantors

1 or the grantor and his or her spouse.

2 (c) A transfer of that portion of property subject to a life
3 estate or life lease retained by the transferor, until expiration
4 or termination of the life estate or life lease. That portion of
5 property transferred that is not subject to a life lease shall be
6 adjusted under subsection (3).

7 (d) A transfer through foreclosure or forfeiture of a recorded
8 instrument under chapter 31, 32, or 57 of the revised judicature
9 act of 1961, 1961 PA 236, MCL 600.3101 to 600.3280 and MCL 600.5701
10 to ~~600.5785~~ **600.5759**, or through deed or conveyance in lieu of a
11 foreclosure or forfeiture, until the mortgagee or land contract
12 vendor subsequently transfers the property. If a mortgagee does not
13 transfer the property within 1 year of the expiration of any
14 applicable redemption period, the property shall be adjusted under
15 subsection (3).

16 (e) A transfer by redemption by the person to whom taxes are
17 assessed of property previously sold for delinquent taxes.

18 (f) A conveyance to a trust if the settlor or the settlor's
19 spouse, or both, conveys the property to the trust and the sole
20 present beneficiary of the trust is the settlor or the settlor's
21 spouse, or both.

22 (g) A transfer pursuant to a judgment or order of a court of
23 record making or ordering a transfer, unless a specific monetary
24 consideration is specified or ordered by the court for the
25 transfer.

26 (h) A transfer creating or terminating a joint tenancy between
27 2 or more persons if at least 1 of the persons was an original

1 owner of the property before the joint tenancy was initially
2 created and, if the property is held as a joint tenancy at the time
3 of conveyance, at least 1 of the persons was a joint tenant when
4 the joint tenancy was initially created and that person has
5 remained a joint tenant since the joint tenancy was initially
6 created. A joint owner at the time of the last transfer of
7 ownership of the property is an original owner of the property. For
8 purposes of this subdivision, a person is an original owner of
9 property owned by that person's spouse.

10 (i) A transfer for security or an assignment or discharge of a
11 security interest.

12 (j) A transfer of real property or other ownership interests
13 among members of an affiliated group. As used in this subsection,
14 "affiliated group" means 1 or more corporations connected by stock
15 ownership to a common parent corporation. Upon request by the state
16 tax commission, a corporation shall furnish proof within 45 days
17 that a transfer meets the requirements of this subdivision. A
18 corporation that fails to comply with a request by the state tax
19 commission under this subdivision is subject to a fine of \$200.00.

20 (k) Normal public trading of shares of stock or other
21 ownership interests that, over any period of time, cumulatively
22 represent more than 50% of the total ownership interest in a
23 corporation or other legal entity and are traded in multiple
24 transactions involving unrelated individuals, institutions, or
25 other legal entities.

26 (l) A transfer of real property or other ownership interests
27 among corporations, partnerships, limited liability companies,

1 limited liability partnerships, or other legal entities if the
2 entities involved are commonly controlled. Upon request by the
3 state tax commission, a corporation, partnership, limited liability
4 company, limited liability partnership, or other legal entity shall
5 furnish proof within 45 days that a transfer meets the requirements
6 of this subdivision. A corporation, partnership, limited liability
7 company, limited liability partnership, or other legal entity that
8 fails to comply with a request by the state tax commission under
9 this subdivision is subject to a fine of \$200.00.

10 (m) A direct or indirect transfer of real property or other
11 ownership interests resulting from a transaction that qualifies as
12 a tax-free reorganization under section 368 of the internal revenue
13 code, ~~of 1986~~ **26 USC 368**. Upon request by the state tax
14 commission, a property owner shall furnish proof within 45 days
15 that a transfer meets the requirements of this subdivision. A
16 property owner who fails to comply with a request by the state tax
17 commission under this subdivision is subject to a fine of \$200.00.

18 (n) A transfer of qualified agricultural property, if the
19 person to whom the qualified agricultural property is transferred
20 files an affidavit with the assessor of the local tax collecting
21 unit in which the qualified agricultural property is located and
22 with the register of deeds for the county in which the qualified
23 agricultural property is located attesting that the qualified
24 agricultural property shall remain qualified agricultural property.
25 The affidavit under this subdivision shall be in a form prescribed
26 by the department of treasury. An owner of qualified agricultural
27 property shall inform a prospective buyer of that qualified

1 agricultural property that the qualified agricultural property is
2 subject to the recapture tax provided in the agricultural property
3 recapture act, 2000 PA 261, MCL 211.1001 to 211.1007, if the
4 qualified agricultural property is converted by a change in use. If
5 property ceases to be qualified agricultural property at any time
6 after being transferred, all of the following shall occur:

7 (i) The taxable value of that property shall be adjusted under
8 subsection (3) as of the December 31 in the year that the property
9 ceases to be qualified agricultural property.

10 (ii) The property is subject to the recapture tax provided for
11 under the agricultural property recapture act, 2000 PA 261, MCL
12 211.1001 to 211.1007.

13 (O) A TRANSFER OF QUALIFIED FOREST PROPERTY, IF THE PERSON TO
14 WHOM THE QUALIFIED FOREST PROPERTY IS TRANSFERRED FILES AN
15 AFFIDAVIT WITH THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT IN
16 WHICH THE QUALIFIED FOREST PROPERTY IS LOCATED AND WITH THE
17 REGISTER OF DEEDS FOR THE COUNTY IN WHICH THE QUALIFIED FOREST
18 PROPERTY IS LOCATED ATTESTING THAT THE QUALIFIED FOREST PROPERTY
19 SHALL REMAIN QUALIFIED FOREST PROPERTY. THE AFFIDAVIT UNDER THIS
20 SUBDIVISION SHALL BE IN A FORM PRESCRIBED BY THE DEPARTMENT OF
21 TREASURY. AN OWNER OF QUALIFIED FOREST PROPERTY SHALL INFORM A
22 PROSPECTIVE BUYER OF THAT QUALIFIED FOREST PROPERTY THAT THE
23 QUALIFIED FOREST PROPERTY IS SUBJECT TO THE RECAPTURE TAX PROVIDED
24 IN THE QUALIFIED FOREST PROPERTY RECAPTURE TAX ACT, IF THE
25 QUALIFIED FOREST PROPERTY IS CONVERTED BY A CHANGE IN USE. IF
26 PROPERTY CEASES TO BE QUALIFIED FOREST PROPERTY AT ANY TIME AFTER
27 BEING TRANSFERRED, ALL OF THE FOLLOWING SHALL OCCUR:

1 (i) THE TAXABLE VALUE OF THAT PROPERTY SHALL BE ADJUSTED UNDER
2 SUBSECTION (3) AS OF THE DECEMBER 31 IN THE YEAR THAT THE PROPERTY
3 CEASES TO BE QUALIFIED FOREST PROPERTY.

4 (ii) THE PROPERTY IS SUBJECT TO THE RECAPTURE TAX PROVIDED FOR
5 UNDER THE QUALIFIED FOREST PROPERTY RECAPTURE TAX ACT.

6 (8) If all of the following conditions are satisfied, the
7 local tax collecting unit shall revise the taxable value of
8 qualified agricultural property taxable on the tax roll in the
9 possession of that local tax collecting unit to the taxable value
10 that qualified agricultural property would have had if there had
11 been no transfer of ownership of that qualified agricultural
12 property since December 31, 1999 and there had been no adjustment
13 of that qualified agricultural property's taxable value under
14 subsection (3) since December 31, 1999:

15 (a) The qualified agricultural property was qualified
16 agricultural property for taxes levied in 1999 and each year after
17 1999.

18 (b) The owner of the qualified agricultural property files an
19 affidavit with the assessor of the local tax collecting unit under
20 subsection (7)(n).

21 (9) If the taxable value of qualified agricultural property is
22 adjusted under subsection (8), the owner of that qualified
23 agricultural property shall not be entitled to a refund for any
24 property taxes collected under this act on that qualified
25 agricultural property before the adjustment under subsection (8).

26 (10) The register of deeds of the county where deeds or other
27 title documents are recorded shall notify the assessing officer of

1 the appropriate local taxing unit not less than once each month of
2 any recorded transaction involving the ownership of property and
3 shall make any recorded deeds or other title documents available to
4 that county's tax or equalization department. Unless notification
5 is provided under subsection (6), the buyer, grantee, or other
6 transferee of the property shall notify the appropriate assessing
7 office in the local unit of government in which the property is
8 located of the transfer of ownership of the property within 45 days
9 of the transfer of ownership, on a form prescribed by the state tax
10 commission that states the parties to the transfer, the date of the
11 transfer, the actual consideration for the transfer, and the
12 property's parcel identification number or legal description. Forms
13 filed in the assessing office of a local unit of government under
14 this subsection shall be made available to the county tax or
15 equalization department for the county in which that local unit of
16 government is located. This subsection does not apply to personal
17 property except buildings described in section 14(6) and personal
18 property described in section 8(h), (i), and (j).

19 (11) As used in this section:

20 (a) "Additions" means that term as defined in section 34d.

21 (b) "Beneficial use" means the right to possession, use, and
22 enjoyment of property, limited only by encumbrances, easements, and
23 restrictions of record.

24 (c) "Converted by a change in use" means that term as defined
25 in the agricultural property recapture act, 2000 PA 261, MCL
26 211.1001 to 211.1007.

27 (d) "Inflation rate" means that term as defined in section

1 34d.

2 (e) "Losses" means that term as defined in section 34d.

3 (f) "Qualified agricultural property" means that term as
4 defined in section 7dd.

5 **(G) "QUALIFIED FOREST PROPERTY" MEANS THAT TERM AS DEFINED IN**
6 **SECTION 7JJ.**

7 Sec. 53b. (1) If there has been a clerical error or a mutual
8 mistake of fact relative to the correct assessment figures, the
9 rate of taxation, or the mathematical computation relating to the
10 assessing of taxes, the clerical error or mutual mistake of fact
11 shall be verified by the local assessing officer and approved by
12 the board of review at a meeting held for the purposes of this
13 section on Tuesday following the second Monday in December and, for
14 summer property taxes, on Tuesday following the third Monday in
15 July. If there is not a levy of summer property taxes, the board of
16 review may meet for the purposes of this section on Tuesday
17 following the third Monday in July. If approved, the board of
18 review shall file an affidavit within 30 days relative to the
19 clerical error or mutual mistake of fact with the proper officials
20 who are involved with the assessment figures, rate of taxation, or
21 mathematical computation and all affected official records shall be
22 corrected. If the clerical error or mutual mistake of fact results
23 in an overpayment or underpayment, the rebate, including any
24 interest paid, shall be made to the taxpayer or the taxpayer shall
25 be notified and payment made within 30 days of the notice. A rebate
26 shall be without interest. The county treasurer may deduct the
27 rebate from the appropriate tax collecting unit's subsequent

1 distribution of taxes. The county treasurer shall bill to the
2 appropriate tax collecting unit the tax collecting unit's share of
3 taxes rebated. Except as otherwise provided in subsection (6), a
4 correction under this subsection may be made in the year in which
5 the error was made or in the following year only.

6 (2) Action pursuant to this section may be initiated by the
7 taxpayer or the assessing officer.

8 (3) The board of review meeting in July and December shall
9 meet only for the purpose described in subsection (1) and to hear
10 appeals provided for in sections 7u, 7cc, ~~and~~ 7ee, **AND 7JJ**. If an
11 exemption under section 7u is approved, the board of review shall
12 file an affidavit with the proper officials involved in the
13 assessment and collection of taxes and all affected official
14 records shall be corrected. If an appeal under section 7cc, ~~or~~
15 7ee, **OR 7JJ** results in a determination that an overpayment has been
16 made, the board of review shall file an affidavit and a rebate
17 shall be made at the times and in the manner provided in subsection
18 (1). Except as otherwise provided in sections 7cc, ~~and~~ 7ee, **AND**
19 **7JJ**, a correction under this subsection shall be made for the year
20 in which the appeal is made only. If the board of review grants an
21 exemption or provides a rebate for property under section 7cc, ~~or~~
22 7ee, **OR 7JJ** as provided in this subsection, the board of review
23 shall require the owner to execute the affidavit provided for in
24 section 7cc, ~~or~~ 7ee, **OR 7JJ** and shall forward a copy of any
25 section 7cc affidavits to the department of treasury.

26 (4) If an exemption under section 7cc is granted by the board
27 of review under this section, the provisions of section 7cc(6)

1 through (11) apply. If an exemption under section 7cc is not
2 granted by the board of review under this section, the owner may
3 appeal that decision in writing to the department of treasury
4 within 35 days of the board of review's denial and the appeal shall
5 be conducted as provided in section 7cc(8).

6 (5) An owner or assessor may appeal a decision of the board of
7 review under this section regarding an exemption under section 7ee
8 **OR 7JJ** to the residential and small claims division of the Michigan
9 tax tribunal. An owner is not required to pay the amount of tax in
10 dispute in order to receive a final determination of the
11 residential and small claims division of the Michigan tax tribunal.
12 However, interest and penalties, if any, shall accrue and be
13 computed based on interest and penalties that would have accrued
14 from the date the taxes were originally levied as if there had not
15 been an exemption.

16 (6) A correction under this section that grants a homestead
17 exemption pursuant to section 7cc may be made for the year in which
18 the appeal was filed and the 3 immediately preceding tax years.

19 (7) As used in this section, "qualified error" means 1 or more
20 of the following:

21 (a) A clerical error relative to the correct assessment
22 figures, the rate of taxation, or the mathematical computation
23 relating to the assessing of taxes.

24 (b) A mutual mistake of fact.

25 (c) An adjustment under section 27a(4) or an exemption under
26 section 7hh(3)(b).

27 (d) For board of review determinations in 2006 through 2009, 1

1 or more of the following:

2 (i) An error of measurement or calculation of the physical
3 dimensions or components of the real property being assessed.

4 (ii) An error of omission or inclusion of a part of the real
5 property being assessed.

6 (iii) An error regarding the correct taxable status of the real
7 property being assessed.

8 (iv) An error made by the taxpayer in preparing the statement
9 of assessable personal property under section 19.

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) Senate Bill No. 913.

14 (b) Senate Bill No. 914.

15 Enacting section 2. Part 513 of the natural resources and
16 environmental protection act, 1994 PA 451, MCL 324.51301 to
17 324.51312, is repealed effective September 1, 2007.