

# HOUSE BILL No. 4243

February 12, 2013, Introduced by Reps. McBroom, Johnson, Rendon, LaFontaine, Foster, Goike, Schmidt, Daley, Haugh and Victory and referred to the Committee on Natural Resources.

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:

1       Sec. 2. As used in this act:

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

7       (b) "Benefit received on that property" means the sum of the  
8       number of mills levied in the local tax collecting unit on the  
9       qualified forest property in each year of the benefit period,

1 multiplied by the difference in each year of the benefit period  
2 between the true cash taxable value of the property and the  
3 property's taxable value as determined under section 27a of the  
4 general property tax act, 1893 PA 206, MCL 211.27a.

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

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

14 (e) "Forest products" means that term as defined in section  
15 7jj of the general property tax act, 1893 PA 206, MCL  
16 ~~211.7jj-211.7JJ[1].~~

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

20 (g) "Qualified forest property" means that term as defined in  
21 section 7jj of the general property tax act, 1893 PA 206, MCL  
22 ~~211.7jj-211.7JJ[1].~~

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

25 (i) "Treasurer" means the state treasurer.

26 (j) "True cash taxable value" means the taxable value the  
27 property would have had if section 27a(7)(o) of the general

1 property tax act, 1893 PA 206, MCL 211.27a, were not in effect.

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

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

9 (i) Multiply the property's ~~state equalized valuation~~ **TAXABLE**  
10 **VALUE** at the time the property is converted by a change in use by  
11 ~~the total millage rate levied by all taxing units in the local tax~~  
12 ~~collecting unit in which the property is located~~ **THE NUMBER OF**  
13 **OPERATING MILLS LEVIED BY THE LOCAL SCHOOL DISTRICT IN WHICH THE**  
14 **PROPERTY IS LOCATED UNDER SECTION 1211 OF THE REVISED SCHOOL CODE,**  
15 **1976 PA 451, MCL 380.1211.**

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

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

25 (b) ~~IF EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION (C), IF~~ the  
26 property is converted by a change in use and there have been 1 or  
27 more harvests of forest products on that property consistent with

1 the approved forest management plan, the recapture tax shall be  
2 calculated in the following manner:

3 (i) Multiply the property's ~~state equalized valuation~~ **TAXABLE**  
4 **VALUE** at the time the property is converted by a change in use by  
5 ~~the total millage rate levied by all taxing units in the local tax~~  
6 ~~collecting unit in which the property is located~~ **THE NUMBER OF**  
7 **OPERATING MILLS LEVIED BY THE LOCAL SCHOOL DISTRICT IN WHICH THE**  
8 **PROPERTY IS LOCATED UNDER SECTION 1211 OF THE REVISED SCHOOL CODE,**  
9 **1976 PA 451, MCL 380.1211.**

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

17 (C) IF THE PROPERTY WAS ELIGIBLE FOR EXEMPTION UNDER SECTION  
18 7JJ OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.7JJ[1],  
19 AS A RESULT OF THE WITHDRAWAL OF THAT PROPERTY FROM THE OPERATION  
20 OF PART 511 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION  
21 ACT, 1994 PA 451, MCL 324.51101 TO 324.51120, AS PROVIDED IN  
22 SECTION 51108(5) OF THE NATURAL RESOURCES AND ENVIRONMENTAL  
23 PROTECTION ACT, 1994 PA 451, MCL 324.51108, AND THE PROPERTY IS  
24 CONVERTED BY A CHANGE IN USE WITHIN 7 YEARS AFTER THE WITHDRAWAL OF  
25 THAT PROPERTY FROM THE OPERATION OF PART 511 OF THE NATURAL  
26 RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL  
27 324.51101 TO 324.51120, THE RECAPTURE TAX IS AN AMOUNT EQUAL TO THE

1 APPLICATION FEE AND PENALTY THAT WOULD HAVE BEEN ASSESSED UNDER  
2 SECTION 51108 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION  
3 ACT, 1994 PA 451, MCL 324.51108, TO WITHDRAW THAT PROPERTY FROM THE  
4 OPERATION OF PART 511 OF THE NATURAL RESOURCES AND ENVIRONMENTAL  
5 PROTECTION ACT, 1994 PA 451, MCL 324.51101 TO 324.51120, IN THE  
6 YEAR IN WHICH THE PROPERTY IS CONVERTED BY A CHANGE OF USE,  
7 CALCULATED AS IF THE PROPERTY HAD NOT BEEN WITHDRAWN FROM THE  
8 OPERATION OF PART 511 OF THE NATURAL RESOURCES AND ENVIRONMENTAL  
9 PROTECTION ACT, 1994 PA 451, MCL 324.51101 TO 324.51120. IF THE  
10 PROPERTY IS CONVERTED BY A CHANGE IN USE MORE THAN 7 YEARS AFTER  
11 THE WITHDRAWAL OF THAT PROPERTY FROM THE OPERATION OF PART 511 OF  
12 THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA  
13 451, MCL 324.51101 TO 324.51120, THE RECAPTURE TAX SHALL BE  
14 CALCULATED UNDER SUBDIVISION (A) OR (B), AS APPLICABLE.

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