

# SENATE BILL No. 651

December 9, 2015, Introduced by Senators BOOHER and CASPERSON and referred to the Committee on Natural Resources.

A bill to provide for 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 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       "transitional qualified forest property 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) "Conservation district" means that term as defined in

1 section 7jj of the general property tax act, 1893 PA 206, MCL  
2 211.7jj[1].

3 (c) "Converted by a change in use" means that term as defined  
4 in section 7jj of the general property tax act, 1893 PA 206, MCL  
5 211.7jj[1].

6 (d) "Department" means the department of agriculture and rural  
7 development.

8 (e) "Forest management plan" means that term as defined in  
9 section 7jj of the general property tax act, 1893 PA 206, MCL  
10 211.7jj[1].

11 (f) "Forest practice" means that term as defined in section  
12 7jj of the general property tax act, 1893 PA 206, MCL 211.7jj[1].

13 (g) "Harvest" means that term as defined in section 7jj of the  
14 general property tax act, 1893 PA 206, MCL 211.7jj[1].

15 (h) "Taxable value" means the taxable value as determined  
16 under section 27a of the general property tax act, 1893 PA 206, MCL  
17 211.27a.

18 (i) "Transitional qualified forest property" means forestland  
19 that meets all of the following:

20 (i) The forestland was classified as commercial forest under  
21 part 511 of the natural resources and environmental protection act,  
22 1994 PA 451, MCL 324.51101 to 324.51120.

23 (ii) The forestland meets the definition of qualified forest  
24 property under section 7jj of the general property tax act, 1893 PA  
25 206, MCL 211.7jj[1].

26 (iii) The owner of the forestland has applied to and that  
27 application has been approved by the department under section 4.

1 (j) "Transitional qualified forest property specific tax"  
2 means the specific tax levied under section 6.

3 Sec. 3. For taxes levied after December 31, 2015, subject to  
4 section 4, transitional qualified forest property is exempt from ad  
5 valorem property taxes collected under the general property tax  
6 act, 1893 PA 206, MCL 211.1 to 211.155, as provided under section  
7 7vv of the general property tax act, 1893 PA 206, MCL 211.7vv, for  
8 a period not to exceed 10 years.

9 Sec. 4. (1) An owner of forestland that was classified as  
10 commercial forest under part 511 of the natural resources and  
11 environmental protection act, 1994 PA 451, MCL 324.51101 to  
12 324.51120, may apply to the department to have that forestland  
13 determined to be transitional qualified forest property. The  
14 application process shall include an application from the owner of  
15 the forestland on a form created by the department, a forest  
16 management plan, and a fee of \$50.00. The applicant shall file the  
17 application not later than September 1 prior to the tax year in  
18 which transitional qualified forest property will be taxed under  
19 this act.

20 (2) The department shall review the application and forest  
21 management plan and determine whether the forestland is  
22 transitional qualified forest property under this act. The  
23 department shall review the forest management plan to determine if  
24 the elements required in section 7jj(17)(f) of the general property  
25 tax act, 1893 PA 206, MCL 211.7jj[1], are in the plan. Within 90  
26 days of its receipt of the application, forest management plan, and  
27 fee, the department shall review the application and if the

1 application and supporting documents are not in compliance, the  
2 department shall deny the application and notify the property owner  
3 of that denial. If the application and supporting documents are in  
4 compliance with the requirements of this act, the department shall  
5 approve the application and shall prepare a transitional qualified  
6 forest property affidavit, in recordable form, indicating all of  
7 the following:

8 (a) The name of the property owner.

9 (b) The tax parcel identification number of the property.

10 (c) The legal description of the property.

11 (d) The year the application was submitted for the exemption.

12 (e) A statement that the property owner is attesting that the  
13 property is transitional qualified forest property and will be  
14 managed according to the approved forest management plan.

15 (3) The department shall send a transitional qualified forest  
16 property affidavit prepared under subsection (2) to the property  
17 owner for execution. The 90-day review period by the department may  
18 be extended upon request of the property owner. The property owner  
19 shall execute the transitional qualified forest property affidavit  
20 and shall have the executed transitional qualified forest property  
21 affidavit recorded by the register of deeds in the county in which  
22 the property is located. The property owner shall provide a copy of  
23 the transitional qualified forest property affidavit to the  
24 department. The department shall provide 1 copy of the transitional  
25 qualified forest property affidavit to the conservation district  
26 and 1 copy to the department of treasury. These copies may be sent  
27 electronically.

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

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

19           (6) If a copy of the recorded transitional qualified forest  
20 property affidavit is provided to the assessor by the owner, the  
21 assessor shall exempt the property from the collection of the tax  
22 as provided in section 3 until December 31 of the year in which the  
23 property is no longer transitional qualified forest property.

24           Sec. 5. The assessor of each local tax collecting unit in  
25 which there is transitional qualified forest property shall  
26 determine annually as of December 31 the value and taxable value of  
27 each parcel of transitional qualified forest property located in

1 that local tax collecting unit.

2       Sec. 6. (1) There is levied upon the owner of each parcel or  
3 transitional qualified forest property a specific tax to be known  
4 as the transitional qualified forest property specific tax.

5       (2) The amount of the transitional qualified forest property  
6 specific tax in each year shall be determined as follows:

7       (a) Multiply the number of mills that would be assessed in the  
8 local tax collecting unit if the property were subject to the  
9 collection of taxes under the general property tax act, 1893 PA  
10 206, MCL 211.1 to 211.155, and if the property was exempt as  
11 provided under section 7jj of the general property tax act, 1893 PA  
12 206, MCL 211.7jj[1], by the transitional qualified forest  
13 property's taxable value.

14       (b) Multiply the result of the calculation in subdivision (a)  
15 by the following:

16       (i) For the first year the transitional qualified forest  
17 property is subject to this act, .10.

18       (ii) For the second year the transitional qualified forest  
19 property is subject to this act, .20.

20       (iii) For the third year the transitional qualified forest  
21 property is subject to this act, .30.

22       (iv) For the fourth year the transitional qualified forest  
23 property is subject to this act, .40.

24       (v) For the fifth year the transitional qualified forest  
25 property is subject to this act, .50.

26       (vi) For the sixth year the transitional qualified forest  
27 property is subject to this act, .60.

1           (vii) For the seventh year the transitional qualified forest  
2 property is subject to this act, .70.

3           (viii) For the eighth year the transitional qualified forest  
4 property is subject to this act, .80.

5           (ix) For the ninth year the transitional qualified forest  
6 property is subject to this act, .90.

7           (x) For the tenth year the transitional qualified forest  
8 property is subject to this act, 1.0.

9           (c) If a new millage is approved in the local tax collecting  
10 unit in which transitional qualified forest property is located  
11 after the effective date of this act, multiply the number of mills  
12 that were approved that would be assessed if the transitional  
13 qualified forest property were subject to the collection of taxes  
14 under the general property tax act, 1893 PA 206, MCL 211.1 to  
15 211.155, by the transitional qualified forest property's taxable  
16 value. Repeat this calculation for each individual new millage  
17 approved in the local tax collecting unit after the effective date  
18 of this act. As used in this subdivision, "new millage" does not  
19 include the renewal of some or all of a millage in existence on the  
20 effective date of this act.

21           (d) Add the result of the calculation under subdivision (b)  
22 and the result of all calculations under subdivision (c).

23           (3) The transitional qualified forest property specific tax is  
24 an annual tax, payable at the same times, in the same installments,  
25 and to the same collecting officer or officers as taxes collected  
26 under the general property tax act, 1893 PA 206, MCL 211.1 to  
27 211.155.

1           (4) The collecting officer or officers shall disburse the  
2     transitional qualified forest property specific tax to and among  
3     this state and cities, townships, villages, school districts,  
4     counties, or other taxing units, at the same times and in the same  
5     proportions as required by law for the disbursement of taxes  
6     collected under the general property tax act, 1893 PA 206, MCL  
7     211.1 to 211.155.

8           (5) The collecting officer or officers shall send a copy of  
9     the amount of disbursement made to each taxing unit under this  
10    section to the commission on a form provided by the commission.

11          (6) Beginning in the year that transitional qualified forest  
12    property is subject to tax under this act and each year thereafter,  
13    a fee is imposed on each parcel of transitional qualified forest  
14    property under this act. The fee shall be calculated in the same  
15    manner, collected at the same time and in the same manner, and  
16    disbursed in the same manner as the fee provided for under section  
17    7jj(9) of the general property tax act, 1893 PA 206, MCL  
18    211.7jj[1].

19          (7) Not more than 90 days after all or a portion of the  
20    exempted property is no longer transitional qualified forest  
21    property, the owner shall rescind the exemption for the applicable  
22    portion of the property by filing with the register of deeds for  
23    the county in which the exempted property is located a rescission  
24    form prescribed by the department. A copy of the rescission form  
25    shall be provided to the assessor. The rescission form shall  
26    include a legal description of the property. An owner who fails to  
27    file a rescission form as required by this subsection is subject to



1 a penalty of \$5.00 per day for each separate failure beginning  
2 after the 90 days have elapsed, up to a maximum of \$1,000.00. This  
3 penalty shall be collected under 1941 PA 122, MCL 205.1 to 205.31,  
4 and shall be deposited in the private forestland enhancement fund  
5 created in section 51305 of the natural resources and environmental  
6 protection act, 1994 PA 451, MCL 324.51305.

7       Sec. 7. Unpaid transitional qualified forest property specific  
8 taxes are subject to forfeiture, foreclosure, and sale in the same  
9 manner and at the same time as taxes returned as delinquent under  
10 the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

11       Sec. 8. (1) If forestland that was subject to the transitional  
12 qualified forest property specific tax is not transitional  
13 qualified forest property as determined by the department, that  
14 property shall be immediately placed on the tax roll by the local  
15 tax collecting unit if the local tax collecting unit has possession  
16 of the tax roll or by the county treasurer if the county has  
17 possession of the tax roll as though the exemption had not been  
18 granted. A corrected tax bill shall be issued for each tax year  
19 being adjusted by the local tax collecting unit if the local tax  
20 collecting unit has possession of the tax roll or by the county  
21 treasurer if the county has possession of the tax roll.

22       (2) If forestland was subject to the transitional qualified  
23 forest property specific tax for a period of 10 years as determined  
24 by the department and the department also determines that the  
25 forestland is still eligible for the exemption under section 7jj of  
26 the general property tax act, 1893 PA 206, MCL 211.7jj[1], then  
27 both of the following apply:

1 (a) That forestland shall be exempt from the tax levied by a  
2 local school district for school operating purposes as qualified  
3 forest property under section 7jj of the general property tax act,  
4 1893 PA 206, MCL 211.7jj[1], upon completion of the procedures  
5 required by section 7jj(16) of the general property tax act, 1893  
6 PA 206, MCL 211.7jj[1].

7 (b) The owner of that forestland is not responsible for the  
8 penalty described in section 9 for that forestland.

9 Sec. 9. If all or a portion of transitional qualified forest  
10 property is converted by a change in use and is no longer  
11 transitional qualified forest property, an owner shall immediately  
12 notify the local tax collecting unit, the assessor, and the  
13 department, on a form created by the department. The form shall  
14 include a legal description of that property. A copy of the form  
15 shall be filed with the register of deeds for the county in which  
16 the property is located. Upon notice that property is no longer  
17 transitional qualified forest property, the local tax collecting  
18 unit and assessor shall immediately rescind the exemption under  
19 this act and shall place the property on the tax roll as though the  
20 exemption under this act had not been granted for the immediately  
21 succeeding tax year and the department of treasury shall  
22 immediately begin collection of any applicable tax and penalty  
23 under the general property tax act, 1893 PA 206, MCL 211.1 to  
24 211.155. The department of treasury shall also begin collection of  
25 an amount equal to the application fee and penalty that would have  
26 been assessed under section 51108 of the natural resources and  
27 environmental protection act, 1994 PA 451, MCL 324.51108, to

1 withdraw that property from the operation of part 511 of the  
2 natural resources and environmental protection act, 1994 PA 451,  
3 MCL 324.51101 to 324.51120, in the year in which the property is  
4 converted by a change of use, calculated as if the property had not  
5 been withdrawn from the operation of part 511 of the natural  
6 resources and environmental protection act, 1994 PA 451, MCL  
7 324.51101 to 324.51120, and the treasurer shall credit these  
8 proceeds to the private forestland enhancement fund created in  
9 section 51305 of the natural resources and environmental protection  
10 act, 1994 PA 451, MCL 324.51305.

11 Sec. 10. An owner of transitional qualified forest property  
12 shall report to the department on a form prescribed by the  
13 department when a forest practice or timber harvest has occurred on  
14 the transitional qualified forest property during a calendar year.  
15 The report shall indicate the forest practice completed and the  
16 volume and value of timber harvested on that transitional qualified  
17 forest property. One copy of the form shall be forwarded to the  
18 conservation district, and 1 copy shall be retained by the  
19 department for 7 years. If it is determined by the department that  
20 a forest practice or harvest has occurred in a calendar year and no  
21 report was filed, a fine of \$500.00 may be collected by the  
22 department. Beginning December 31, 2015 and each year thereafter,  
23 the department shall provide to the standing committees of the  
24 senate and house of representatives with primary jurisdiction over  
25 forestry issues a report that includes all of the following:

26 (a) The number of acres of transitional qualified forest  
27 property in each county.

1 (b) The amount of timber produced on transitional qualified  
2 forest property each year.

3 (c) The number of forest management plans completed by  
4 conservation districts and the total number of forest management  
5 plans submitted for approval each year.

6 Sec. 11. The owner of transitional qualified forest property  
7 shall retain the current management plan, most recent harvest  
8 records, recorded copy of a receipt of the tax exemption, and a map  
9 that shows the location and size of any buildings and structures on  
10 the property. The owner shall make the documents available to the  
11 department upon request. The department shall maintain a database  
12 listing all transitional qualified forest properties, including the  
13 dates indicated for forest practices and harvests in the forest  
14 management plan, and shall notify the property owner and the  
15 conservation district in any year that forest practices or harvests  
16 are to occur. If an owner does not accomplish forest practices and  
17 harvests within 3 years after the time specified in the current  
18 forest management plan, and the plan has not been amended to extend  
19 the date of forest practices and harvests, the property is not  
20 transitional qualified forest property under this act and the  
21 property shall be placed on the tax roll as though the exemption  
22 under this act had not been granted as provided in this section and  
23 shall be subject to repayment as indicated in the qualified forest  
24 property recapture tax act, 2006 PA 379, MCL 211.1031 to 211.1036.  
25 Information in the database specific to an individual property  
26 owner's forest management plan is exempt from disclosure under the  
27 freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

1 However, information in the database in the aggregate, including,  
2 but not limited to, how much timber would be expected to be on the  
3 market each year as a result of enrollees, is not exempt from  
4 disclosure under the freedom of information act, 1976 PA 442, MCL  
5 15.231 to 15.246.

6 Enacting section 1. This act does not take effect unless all  
7 of the following bills of the 98th Legislature are enacted into  
8 law:

9 (a) Senate Bill No.652.

10

11 (b) Senate Bill No.653.

12