

HOUSE BILL No. 5002

September 26, 2017, Introduced by Reps. Rendon, Lucido, Inman, LaFave, Cole, VanderWall, Glenn, Hauck, Kahle, Roberts and Dianda and referred to the Committee on Natural Resources.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7jj (MCL 211.7jj[1]), as amended by 2016 PA 261.

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.
6 Buildings, structures, or land improvements located on qualified
7 forest property are not eligible for the exemption under this
8 section. The amount of qualified forest property in this state that
9 is eligible for the exemption under this section is limited as
10 follows:

1 (a) In the fiscal year ending September 30, 2008, 300,000
2 acres.

3 (b) In the fiscal year ending September 30, 2009, 600,000
4 acres.

5 (c) In the fiscal year ending September 30, 2010, 900,000
6 acres.

7 (d) In the fiscal year ending September 30, 2011 and each
8 fiscal year thereafter, 1,200,000 acres. Beginning in the fiscal
9 year ending September 30, 2013 and each fiscal year thereafter,
10 real property eligible for exemption under this section as
11 qualified forest property as a result of the withdrawal of that
12 property from the operation of part 511 of the natural resources
13 and environmental protection act, 1994 PA 451, MCL 324.51101 to
14 324.51120, as provided in section 51108(5) of the natural resources
15 and environmental protection act, 1994 PA 451, MCL 324.51108, or as
16 a result of the property's eligibility for exempt status under this
17 section as provided for in section 8(2) of the transitional
18 qualified forest property specific tax act, **2016 PA 260, MCL**
19 **211.1098**, shall not be credited against the 1,200,000 acres of
20 property that are eligible for exemption as qualified forest
21 property under this section.

22 (2) If a property owner is interested in obtaining an
23 exemption for qualified forest property under this section, the
24 property owner may contact the local conservation district or the
25 department, and the local conservation district or the department
26 shall advise the property owner on the exemption process. If
27 requested by the property owner, the local conservation district or

1 the department shall provide the property owner with a list of
2 qualified foresters to prepare a forest management plan. The
3 department shall maintain a list of qualified foresters throughout
4 the state and shall make the list available to the conservation
5 districts and to interested property owners. To claim an exemption
6 under subsection (1), a property owner shall obtain a forest
7 management plan from a qualified forester and submit a digital copy
8 of that forest management plan, an application for exemption as
9 qualified forest property, and a fee of \$50.00 to the department on
10 a form created by the department by September 1 prior to the tax
11 year in which the exemption is requested. Before submitting the
12 application to the department, the property owner is encouraged to
13 consult with the local conservation district to review the
14 obligations of the qualified forest program and the obligations of
15 the property owner's forest management plan. A forest management
16 plan is not subject to the freedom of information act, 1976 PA 442,
17 MCL 15.231 to 15.246. The department shall forward a copy of the
18 application to the local conservation district for review and to
19 the local tax collecting unit for notification of the application.

20 (3) A conservation district shall review the application to
21 determine if the applied-for property meets the minimum
22 requirements set forth in subsection (17)(k) for enrolling into the
23 qualified forest program. A conservation district shall respond
24 within 45 days ~~of~~ **AFTER** the date of its receipt of the application
25 indicating whether the property in the application is eligible for
26 enrollment. If the conservation district does not respond within 45
27 days ~~of~~ **AFTER** its receipt of the application, the property shall be

1 considered eligible for the exemption under this section.

2 (4) The department shall review the application, comments from
3 the conservation district, and the forest management plan to
4 determine if the property is eligible for the exemption under this
5 section. The department shall review the forest management plan to
6 determine if the elements required in subsection (17)(f) are in the
7 plan. Within 90 days of its receipt of the application, forest
8 management plan, and fee, the department shall review the
9 application and if the application and supporting documents are not
10 in compliance, the department shall deny the application and notify
11 the property owner of that denial. If the application and
12 supporting documents are in compliance with the requirements of
13 this section, the department shall approve the application and
14 shall prepare a qualified forest school tax affidavit, in
15 recordable form, indicating all of the following:

16 (a) The name of the property owner.

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

18 (c) The legal description of the property.

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

20 (e) A statement that the property owner is attesting that the
21 property for which the exemption is claimed is qualified forest
22 property and will be managed according to the approved forest
23 management plan.

24 (5) The department shall send a qualified forest school tax
25 affidavit prepared under subsection (4) to the property owner for
26 execution. The 90-day review period by the department may be
27 extended upon request of the property owner. The property owner

1 shall execute the qualified forest school tax affidavit and shall
2 have the executed qualified forest school tax affidavit recorded by
3 the register of deeds in the county in which the property is
4 located. The property owner shall provide a copy of the qualified
5 forest school tax affidavit to the department. The department shall
6 provide 1 copy of the qualified forest school tax affidavit to the
7 conservation district and 1 copy to the department of treasury.
8 These copies may be sent electronically.

9 (6) If the application is denied, the property owner has 30
10 days from the date of notification of the denial by the department
11 to initiate an appeal of that denial. An appeal of the denial shall
12 be by certified letter to the director of the department.

13 (7) To claim an exemption under subsection (1), the owner of
14 qualified forest property shall provide a copy of the recorded
15 qualified forest school tax affidavit attesting that the land is
16 qualified forest property to the local tax collecting unit and
17 assessor by December 31. An owner may claim an exemption under this
18 section for not more than 640 acres ~~maximum~~ or the equivalent of 16
19 survey units consisting of 1/4 of 1/4 of a section of qualified
20 forest property in each local tax collecting unit. If an exemption
21 is granted under this section for less than 640 acres in a local
22 tax collecting unit, an owner of that property may subsequently
23 claim an exemption for additional property in that local tax
24 collecting unit if that additional property meets the requirements
25 of this section.

26 (8) If a copy of the recorded qualified forest school tax
27 affidavit is provided to the assessor by the owner, the assessor

1 shall exempt the property from the collection of the tax as
2 provided in subsection (1) until December 31 of the year in which
3 the property is no longer qualified forest property.

4 (9) Beginning in the year that qualified forest property is
5 first exempt under this section and each year thereafter, the local
6 tax collecting unit shall collect a fee on each parcel of qualified
7 forest property exempt under this section located in that local tax
8 collecting unit. The fee shall be determined by multiplying 2 mills
9 by the taxable value of that qualified forest property. The fee
10 shall be collected at the same time and in the same manner as taxes
11 collected under this act. Each local tax collecting unit shall
12 disburse the fee collected under this subsection to the department
13 of treasury for deposit in the private forestland enhancement fund
14 created in section 51305 of the natural resources and environmental
15 protection act, 1994 PA 451, MCL 324.51305. If property is no
16 longer exempt as qualified forest property under this section, the
17 fee under this subsection shall not be collected on that property.
18 The fee collected in this subsection shall be subject to the
19 property tax administration fee established by the local tax
20 collecting unit under section 44.

21 (10) Not more than 90 days after all or a portion of the
22 exempted property is no longer qualified forest property, the owner
23 shall rescind the exemption for the applicable portion of the
24 property by filing with the register of deeds for the county in
25 which the exempted property is located a rescission form prescribed
26 by the department. A copy of the rescission form shall be provided
27 to the assessor. The rescission form shall include a legal

1 description of the exempted property. An owner who fails to file a
2 rescission form as required by this subsection is subject to a
3 penalty of \$5.00 per day for each separate failure beginning after
4 the 90 days have elapsed, up to a maximum of \$1,000.00. This
5 penalty shall be collected under 1941 PA 122, MCL 205.1 to 205.31,
6 and shall be deposited in the private forestland enhancement fund
7 created in section 51305 of the natural resources and environmental
8 protection act, 1994 PA 451, MCL 324.51305.

9 (11) An owner of property that is qualified forest property on
10 December 31 for which an exemption was not on the tax roll may file
11 an appeal with the July or December board of review under section
12 53b in the year the exemption was claimed or the immediately
13 succeeding year.

14 (12) If property for which an exemption has been granted under
15 this section is not qualified forest property, the department shall
16 notify the local tax collecting unit and the property that had been
17 subject to that exemption shall be immediately placed on the tax
18 roll by the local tax collecting unit if the local tax collecting
19 unit has possession of the tax roll or by the county treasurer if
20 the county has possession of the tax roll as though the exemption
21 had not been granted. A corrected tax bill shall be issued for each
22 tax year being adjusted by the local tax collecting unit if the
23 local tax collecting unit has possession of the tax roll or by the
24 county treasurer if the county has possession of the tax roll.

25 (13) If all or a portion of property for which an exemption
26 has been granted under this section is converted by a change in use
27 and is no longer qualified forest property, an owner shall

1 immediately notify the local tax collecting unit, the assessor, the
2 department, and the department of treasury on a form created by the
3 department. The form shall include a legal description of the
4 exempted property. A copy of the form shall be filed with the
5 register of deeds for the county in which the exempted property is
6 located. Upon notice that property is no longer qualified forest
7 property, the local tax collecting unit and assessor shall
8 immediately rescind the exemption under this section and shall
9 place the property on the tax roll as though the exemption under
10 this section had not been granted for the immediately succeeding
11 tax year and the department of treasury shall immediately begin
12 collection of any applicable tax and penalty under this act or
13 under the qualified forest property recapture tax act, 2006 PA 379,
14 MCL 211.1031 to 211.1036. However, beginning June 1, 2013 and
15 ending November 30, 2013, owners of property exempt as qualified
16 forest property prior to January 1, 2013 may execute a new
17 qualified forest school tax affidavit under this section. If an
18 owner of property exempt as qualified forest property elects to
19 execute a new qualified forest school tax affidavit under this
20 section, that owner is not required to pay the \$50.00 fee required
21 under subsection (2). If an owner of qualified forest property
22 elects not to execute a new qualified forest school tax affidavit
23 under this section, the existing affidavit shall be rescinded
24 without penalty and the property shall be placed on the tax roll as
25 though the exemption under this section had not been granted. If a
26 property owner elects not to execute a qualified forest school tax
27 affidavit under this section, the property is not subject to the

1 recapture tax provided for under the qualified forest property
2 recapture tax act, 2006 PA 379, MCL 211.1031 to 211.1036.

3 (14) If qualified forest property is exempt under this
4 section, an owner of that qualified forest property shall report to
5 the department on a form prescribed by the department when a forest
6 practice or timber harvest has occurred on the qualified forest
7 property during a calendar year. The report shall indicate the
8 forest practice completed and the volume and value of timber
9 harvested on that qualified forest property. One copy of the form
10 shall be forwarded to the conservation district, and 1 copy shall
11 be retained by the department for 7 years. If it is determined by
12 the department that a forest practice or harvest has occurred in a
13 calendar year and no report was filed, a fine of \$500.00 may be
14 collected by the department. Beginning December 31, 2013 and each
15 year thereafter, the department shall provide to the standing
16 committees of the senate and house of representatives with primary
17 jurisdiction over forestry issues a report that includes all of the
18 following:

19 (a) The number of acres of qualified forest property in each
20 county.

21 (b) The number of acres of agricultural use property that is
22 combined with productive forest under subsection (17) (k) (iii).

23 (c) The amount of timber produced on qualified forest property
24 each year.

25 (d) The number of forest management plans completed by
26 conservation districts and the total number of forest management
27 plans submitted for approval each year.

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

1 not exempt from disclosure under the freedom of information act,
2 1976 PA 442, MCL 15.231 to 15.246.

3 (16) Notwithstanding any provision in this section to the
4 contrary, property is exempt from the tax levied by a local school
5 district for school operating purposes as provided in subsection
6 (1) if all of the following conditions are met:

7 (a) The property was subject to the transitional qualified
8 forest property specific tax under the transitional qualified
9 forest property specific tax act, **2016 PA 260, MCL 211.1091 TO**
10 **211.1101**, for a period of 5 years as determined by the department
11 under section 8 of the transitional qualified forest property
12 specific tax act, **2016 PA 260, MCL 211.1098**.

13 (b) Pursuant to section 8 of the transitional qualified forest
14 property specific tax act, **2016 PA 260, MCL 211.1098**, the
15 department has determined that the property is still eligible for
16 the exemption under this section.

17 (c) The property owner, with the department's assistance,
18 executes a recordable qualified forest school tax affidavit, has
19 the executed qualified forest school tax affidavit recorded by the
20 register of deeds in the county in which the property is located,
21 and provides copies of the executed qualified forest school tax
22 affidavit to other interested parties as required by the
23 department.

24 (17) As used in this section:

25 (a) "Agricultural use property" means real property devoted
26 primarily to agricultural use as that term is defined in section
27 36101 of the natural resources and environmental protection act,

1 1994 PA 451, MCL 324.36101.

2 (b) "Approved forest management plan" means a forest
3 management plan developed by a qualified forester. An owner of
4 property shall submit a forest management plan to the department
5 for approval as prescribed in subsection (2). The forest management
6 plan shall include a statement signed by the owner that he or she
7 agrees to comply with all terms and conditions contained in the
8 approved forest management plan. If a forest management plan and
9 application are submitted to the department, the department shall
10 review and either approve or disapprove the owner's application
11 within 90 days ~~of~~ **AFTER** submission. Approval of the plan shall be
12 based solely on compliance with the elements required in
13 subdivision (f). Denial of the plan shall be based solely on
14 noncompliance with the requirements listed in subdivision (f). If
15 the department disapproves a forest management plan, the department
16 shall indicate the changes necessary to qualify the forest
17 management plan for approval on subsequent review. An owner may
18 submit amendments to his or her forestry plan to the department.
19 The department may reject amendments that delay a harvest date
20 repeatedly or indefinitely. A forest management plan submitted for
21 approval shall be for a maximum of 20 years. To continue receiving
22 an exemption under this section, an owner of property shall submit
23 a digital copy of any succeeding proposed forest management plan to
24 the department for approval together with a fee of \$50.00. The
25 first amendment to the plan ~~shall~~ **IS** not ~~be~~ subject to a fee.
26 Additional amendments may be subject to a fee of \$50.00.

27 (c) "Conservation district" means a conservation district

1 organized under part 93 of the natural resources and environmental
2 protection act, 1994 PA 451, MCL 324.9301 to 324.9313.

3 (d) "Converted by a change in use" means both of the
4 following:

5 (i) That term as defined in section 2 of the qualified forest
6 property recapture tax act, 2006 PA 379, MCL 211.1032.

7 (ii) That due to a change in use of either productive forest
8 property or agricultural use property, the property is no longer
9 eligible for exemption as qualified forest property under
10 subdivision (k) (iii) .

11 (e) "Department" means the department of agriculture and rural
12 development.

13 (f) "Forest management plan" means a written plan prepared and
14 signed by a qualified forester that prescribes measures to optimize
15 production, utilization, and regeneration of forest resources. The
16 forest management plan shall include a schedule and timetables for
17 the various silvicultural practices used on forestlands, which
18 shall be a maximum of 20 years in length. A forest management plan
19 shall include all of the following:

20 (i) The name and address of each owner of the property.

21 (ii) The legal description and parcel identification number of
22 the property or of the parcel on which the property is located.

23 (iii) A statement of the owner's forest management objectives.

24 (iv) A map, diagram, or aerial photograph that identifies both
25 forested and unforested areas of the property, using conventional
26 map symbols indicating the species, size, and stocking rate and
27 other major features of the property, including the location of any

1 buildings. The location and use of any buildings ~~can~~**MAY** be
2 established on a map created by a qualified forester and does not
3 require a survey by a registered surveyor.

4 (v) A description of forest practice, including harvesting,
5 thinning, and reforestation, that will be undertaken, specifying
6 the approximate period of time before each is completed.

7 (vi) A description of soil conservation practices that may be
8 necessary to control any soil erosion that may result from the
9 forest practice described pursuant to subparagraph (v).

10 (vii) A description of activities that may be undertaken for
11 the management of forest resources other than trees, including
12 wildlife habitat, watersheds, and aesthetic features.

13 (g) "Forest practice" means any action intended to improve
14 forestland or forest resources and includes, but is not limited to,
15 any of the following:

16 (i) The improvement of species of forest trees.

17 (ii) Reforestation.

18 (iii) The harvesting of species of forest trees.

19 (iv) Road construction associated with the improvement or
20 harvesting of forest tree species or reforestation.

21 (v) Use of chemicals or fertilizers for the purpose of growing
22 or managing species of forest trees.

23 (vi) Applicable silvicultural practices.

24 (h) "Forest products" includes, but is not limited to, timber
25 and pulpwood-related products.

26 (i) "Harvest" means the point at which timber that has been
27 cut, severed, or removed for purposes of sale or use is first

1 measured in the ordinary course of business as determined by
2 reference to common practice in the timber industry.

3 (j) "Productive forest" means real property capable of growing
4 not less than 20 cubic feet of wood per acre per year. However, if
5 property has been considered productive forest, an act of God that
6 negatively affects that property shall not result in that property
7 not being considered productive forest.

8 (k) "Qualified forest property" means a parcel of real
9 property that meets all of the following conditions as determined
10 by the department of agriculture and rural development:

11 (i) Is not less than 20 contiguous acres in size. For parcels
12 less than 40 acres, not less than 80% shall be stocked with
13 productive forest capable of producing forest products. For parcels
14 40 acres or more, not less than 50% shall be stocked with
15 productive forest capable of producing forest products. Contiguity
16 is not broken by a road, a right-of-way, or property purchased or
17 taken under condemnation proceedings by a public utility for power
18 transmission lines if the 2 parcels separated by the purchased or
19 condemned property were a single parcel prior to the sale or
20 condemnation.

21 (ii) Is subject to an approved forest management plan.

22 (iii) If a parcel contains both productive forest and
23 agricultural use property, ~~an owner may apply for a designation as~~
24 ~~qualified forest property if the combined acreage of the productive~~
25 forest and the agricultural use property meets all of the following
26 requirements:

27 (A) The parcel is not less than 20 contiguous acres. If a

1 parcel is less than 40 acres, not less than 80% shall be the
2 combined productive forest and agricultural use property. If the
3 parcel is 40 acres or more, not less than 50% shall be the combined
4 productive forest and agricultural use property.

5 (B) The acreage of agricultural use property on the parcel
6 shall be determined by the assessor in the local tax collecting
7 unit in which the parcel is located. The property owner shall
8 request the determination. The assessor shall report the acreage of
9 the agricultural use property in a form prescribed by the state tax
10 commission to the property owner and the department within 30 days
11 ~~of~~ **AFTER** the date of the request for the determination. An owner
12 that disagrees with an assessor's determination of the acreage of
13 agricultural use property on the parcel may appeal that
14 determination to the board of review under section 53b. If the
15 property owner converts all or part of the agricultural use
16 property to forest property by planting trees or other means, the
17 property owner shall notify the department and the assessor of the
18 conversion and the forest management plan shall be modified to
19 reflect the change in use.

20 (l) "Qualified forester" means an individual who meets 1 or
21 more of the following requirements and has registered with the
22 department of agriculture and rural development under section 51306
23 of the natural resources and environmental protection act, 1994 PA
24 451, MCL 324.51306:

25 (i) Is a forester certified by the Society of American
26 Foresters.

27 (ii) Is a forest stewardship plan writer.

1 (iii) Is a technical service provider as registered by the
2 United States Department of Agriculture for forest management plan
3 development.

4 (iv) Is a registered forester.

5 (m) "Registered forester" means ~~a person~~ **AN INDIVIDUAL**
6 registered under ~~article 21 of the occupational code, 1980 PA 299,~~
7 ~~MCL 339.2101 to 339.2108.~~ **PART 535 OF THE NATURAL RESOURCES AND**
8 **ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.53501 TO**
9 **324.53519.**

10 Enacting section 1. This amendatory act takes effect 90 days
11 after the date it is enacted into law.

12 Enacting section 2. This amendatory act does not take effect
13 unless Senate Bill No. ____ or House Bill No. 5001 (request no.
14 00802'17) of the 99th Legislature is enacted into law.