

# SENATE BILL No. 652

December 9, 2015, Introduced by Senators BOOHER and CASPERSON 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 2015 PA 107, and by adding section 7vv.

**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

1 is eligible for the exemption under this section is limited as  
2 follows:

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

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

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

9 (d) In the fiscal year ending September 30, 2011 and each  
10 fiscal year thereafter, 1,200,000 acres. Beginning in the fiscal  
11 year ending September 30, 2013 and each fiscal year thereafter,  
12 real property eligible for exemption under this section as  
13 qualified forest property as a result of the withdrawal of that  
14 property from the operation of part 511 of the natural resources  
15 and environmental protection act, 1994 PA 451, MCL 324.51101 to  
16 324.51120, as provided in section 51108(5) of the natural resources  
17 and environmental protection act, 1994 PA 451, MCL 324.51108, **OR AS**  
18 **A RESULT OF THE PROPERTY'S ELIGIBILITY FOR EXEMPT STATUS UNDER THIS**  
19 **SECTION AS PROVIDED FOR IN SECTION 8(2) OF THE TRANSITIONAL**  
20 **QUALIFIED FOREST PROPERTY SPECIFIC TAX ACT**, shall not be credited  
21 against the 1,200,000 acres of property that are eligible for  
22 exemption as qualified forest property under this section.

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

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

21 (3) A conservation district shall review the application to  
22 determine if the applied-for property meets the minimum  
23 requirements set forth in subsection ~~(16)(k)~~ **(17)(K)** for enrolling  
24 into the qualified forest program. A conservation district shall  
25 respond within 45 days of the date of its receipt of the  
26 application indicating whether the property in the application is  
27 eligible for enrollment. If the conservation district does not

1 respond within 45 days of its receipt of the application, the  
2 property shall be considered eligible for the exemption under this  
3 section.

4 (4) The department shall review the application, comments from  
5 the conservation district, and the forest management plan to  
6 determine if the property is eligible for the exemption under this  
7 section. The department shall review the forest management plan to  
8 determine if the elements required in subsection ~~(16)(f)~~ **(17)(F)**  
9 are in the plan. Within 90 days of its receipt of the application,  
10 forest management plan, and fee, the department shall review the  
11 application and if the application and supporting documents are not  
12 in compliance, the department shall deny the application and notify  
13 the property owner of that denial. If the application and  
14 supporting documents are in compliance with the requirements of  
15 this section, the department shall approve the application and  
16 shall prepare a qualified forest school tax affidavit, in  
17 recordable form, indicating all of the following:

18 (a) The name of the property owner.

19 **(B) THE TAX PARCEL IDENTIFICATION NUMBER OF THE PROPERTY.**

20 **(C)** ~~(b)~~—The legal description of the property.

21 **(D)** ~~(e)~~—The year the application was submitted for the  
22 exemption.

23 **(E)** ~~(d)~~—A statement that the property owner is attesting that  
24 the property for which the exemption is claimed is qualified forest  
25 property and will be managed according to the approved forest  
26 management plan.

27 (5) The department shall send a qualified forest school tax

1 affidavit prepared under subsection (4) to the property owner for  
2 execution. The 90-day review period by the department may be  
3 extended upon request of the property owner. The property owner  
4 shall execute the qualified forest school tax affidavit and shall  
5 have the executed qualified forest school tax affidavit recorded by  
6 the register of deeds in the county in which the property is  
7 located. The property owner shall provide a copy of the qualified  
8 forest school tax affidavit to the department. The department shall  
9 provide 1 copy of the qualified forest school tax affidavit to the  
10 conservation district and 1 copy to the department of treasury.  
11 These copies may be sent electronically.

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

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

1 of this section.

2 (8) If a copy of the recorded qualified forest school tax  
3 affidavit is provided to the assessor by the owner, the assessor  
4 shall exempt the property from the collection of the tax as  
5 provided in subsection (1) until December 31 of the year in which  
6 the property is no longer qualified forest property.

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

24 (10) Not more than 90 days after all or a portion of the  
25 exempted property is no longer qualified forest property, the owner  
26 shall rescind the exemption for the applicable portion of the  
27 property by filing with the register of deeds for the county in

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

12 (11) An owner of property that is qualified forest property on  
13 December 31 for which an exemption was not on the tax roll may file  
14 an appeal with the July or December board of review under section  
15 53b in the year the exemption was claimed or the immediately  
16 succeeding year.

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

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



1 though the exemption under this section had not been granted. If a  
2 property owner elects not to execute a qualified forest school tax  
3 affidavit under this section, the property is not subject to the  
4 recapture tax provided for under the qualified forest property  
5 recapture tax act, 2006 PA 379, MCL 211.1031 to 211.1036.

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

22 (a) The number of acres of qualified forest property in each  
23 county.

24 (b) The number of acres of agricultural use property that is  
25 combined with productive forest under subsection ~~(16) (k) (iii)~~.

26 **(17) (K) (iii) .**

27 (c) The amount of timber produced on qualified forest property

1 each year.

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

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

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

5 (16) NOTWITHSTANDING ANY PROVISION IN THIS SECTION TO THE  
6 CONTRARY, PROPERTY IS EXEMPT FROM THE TAX LEVIED BY A LOCAL SCHOOL  
7 DISTRICT FOR SCHOOL OPERATING PURPOSES AS PROVIDED IN SUBSECTION

8 (1) IF ALL OF THE FOLLOWING CONDITIONS ARE MET:

9 (A) THE PROPERTY WAS SUBJECT TO THE TRANSITIONAL QUALIFIED  
10 FOREST PROPERTY SPECIFIC TAX UNDER THE TRANSITIONAL QUALIFIED  
11 FOREST PROPERTY SPECIFIC TAX ACT FOR A PERIOD OF 10 YEARS AS  
12 DETERMINED BY THE DEPARTMENT UNDER SECTION 8 OF THE TRANSITIONAL  
13 QUALIFIED FOREST PROPERTY SPECIFIC TAX ACT.

14 (B) PURSUANT TO SECTION 8 OF THE TRANSITIONAL QUALIFIED FOREST  
15 PROPERTY SPECIFIC TAX ACT, THE DEPARTMENT HAS DETERMINED THAT THE  
16 PROPERTY IS STILL ELIGIBLE FOR 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) ~~(16)~~—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 submission. Approval of the plan shall be based  
12 solely on compliance with the elements required in subdivision ~~(e)~~.  
13 **(F)**. Denial of the plan shall be based solely on noncompliance with  
14 the requirements listed in subdivision ~~(e)~~. **(F)**. If the department  
15 disapproves a forest management plan, the department shall indicate  
16 the changes necessary to qualify the forest management plan for  
17 approval on subsequent review. An owner may submit amendments to  
18 his or her forestry plan to the department. The department may  
19 reject amendments that delay a harvest date repeatedly or  
20 indefinitely. A forest management plan submitted for approval shall  
21 be for a maximum of 20 years. To continue receiving an exemption  
22 under this section, an owner of property shall submit a digital  
23 copy of any succeeding proposed forest management plan to the  
24 department for approval together with a fee of \$50.00. The first  
25 amendment to the plan shall not be subject to a fee. Additional  
26 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 be established  
2 on a map created by a qualified forester and does not require a  
3 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 the date of the request for the determination. An owner that  
12 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 registered under  
6 article 21 of the occupational code, 1980 PA 299, MCL 339.2101 to  
7 339.2108.

8           **SEC. 7VV. (1) TRANSITIONAL QUALIFIED FOREST PROPERTY IS EXEMPT**  
9 **FROM THE COLLECTION OF TAXES UNDER THIS ACT FOR A PERIOD NOT LONGER**  
10 **THAN 10 YEARS.**

11           **(2) PROPERTY EXEMPT FROM THE COLLECTION OF TAXES UNDER**  
12 **SUBSECTION (1) IS SUBJECT TO THE SPECIFIC TAX LEVIED UNDER THE**  
13 **TRANSITIONAL QUALIFIED FOREST PROPERTY SPECIFIC TAX ACT.**

14           **(3) AS USED IN THIS SECTION, "TRANSITIONAL QUALIFIED FOREST**  
15 **PROPERTY" MEANS THAT TERM AS DEFINED IN THE TRANSITIONAL QUALIFIED**  
16 **FOREST PROPERTY SPECIFIC TAX ACT.**

17           Enacting section 1. This amendatory act does not take effect  
18 unless all of the following bills of the 98th Legislature are  
19 enacted into law:

20           (a) Senate Bill No. 651.

21

22           (b) Senate Bill No. 653.

23