

SUBSTITUTE FOR
HOUSE BILL NO. 5462

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 2003 PA
105, 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) QUALIFIED FOREST PROPERTY IS EXEMPT FROM THE TAX
2 LEVIED BY A LOCAL SCHOOL DISTRICT FOR SCHOOL OPERATING PURPOSES TO
3 THE EXTENT PROVIDED UNDER SECTION 1211 OF THE REVISED SCHOOL CODE,
4 1976 PA 451, MCL 380.1211, ACCORDING TO THE PROVISIONS OF THIS

1 SECTION.

2 (2) TO CLAIM AN EXEMPTION UNDER SUBSECTION (1), THE OWNER OF
3 QUALIFIED FOREST PROPERTY SHALL FILE AN AFFIDAVIT CLAIMING THE
4 EXEMPTION AND AN APPROVED FOREST MANAGEMENT PLAN WITH THE LOCAL TAX
5 COLLECTING UNIT BY DECEMBER 31. AN OWNER MAY CLAIM AN EXEMPTION
6 UNDER THIS SECTION FOR NOT MORE THAN 200 ACRES OF QUALIFIED FOREST
7 PROPERTY. IF AN EXEMPTION IS GRANTED UNDER THIS SECTION FOR LESS
8 THAN 200 ACRES, AN OWNER OF THAT PROPERTY MAY SUBSEQUENTLY CLAIM AN
9 EXEMPTION FOR ADDITIONAL PROPERTY IF THAT ADDITIONAL PROPERTY MEETS
10 THE REQUIREMENTS OF THIS SECTION.

11 (3) THE AFFIDAVIT SHALL BE ON A FORM PRESCRIBED BY THE
12 DEPARTMENT OF TREASURY AND SHALL REQUIRE THE PERSON SUBMITTING THE
13 AFFIDAVIT TO ATTEST THAT THE PROPERTY FOR WHICH THE EXEMPTION IS
14 CLAIMED IS QUALIFIED FOREST PROPERTY.

15 (4) THE DEPARTMENT OF AGRICULTURE SHALL DETERMINE IF THE
16 PROPERTY SUBJECT TO THE CLAIM FOR EXEMPTION IS QUALIFIED FOREST
17 PROPERTY. IF THE DEPARTMENT OF AGRICULTURE DETERMINES THAT THE
18 PROPERTY SUBJECT TO THE CLAIM FOR EXEMPTION IS QUALIFIED FOREST
19 PROPERTY, THE ASSESSOR SHALL EXEMPT THE PROPERTY FROM THE
20 COLLECTION OF THE TAX AS PROVIDED IN SUBSECTION (1) UNTIL DECEMBER
21 31 OF THE YEAR IN WHICH THE PROPERTY IS NO LONGER QUALIFIED FOREST
22 PROPERTY.

23 (5) NOT MORE THAN 90 DAYS AFTER ALL OR A PORTION OF THE
24 EXEMPTED PROPERTY IS NO LONGER QUALIFIED FOREST PROPERTY, THE OWNER
25 SHALL RESCIND THE EXEMPTION FOR THE APPLICABLE PORTION OF THE
26 PROPERTY BY FILING WITH THE LOCAL TAX COLLECTING UNIT A RESCISSION
27 FORM PRESCRIBED BY THE DEPARTMENT OF TREASURY. AN OWNER WHO FAILS

1 TO FILE A RESCISSION AS REQUIRED BY THIS SUBSECTION IS SUBJECT TO A
2 PENALTY OF \$5.00 PER DAY FOR EACH SEPARATE FAILURE BEGINNING AFTER
3 THE 90 DAYS HAVE ELAPSED, UP TO A MAXIMUM OF \$1,000.00. THIS
4 PENALTY SHALL BE COLLECTED UNDER 1941 PA 122, MCL 205.1 TO 205.31,
5 AND SHALL BE DEPOSITED IN THE GENERAL FUND OF THIS STATE. THIS
6 PENALTY MAY BE WAIVED BY THE DEPARTMENT OF TREASURY.

7 (6) AN OWNER OF PROPERTY THAT IS QUALIFIED FOREST PROPERTY ON
8 DECEMBER 31 FOR WHICH AN EXEMPTION WAS NOT ON THE TAX ROLL MAY FILE
9 AN APPEAL WITH THE JULY OR DECEMBER BOARD OF REVIEW UNDER SECTION
10 53B IN THE YEAR THE EXEMPTION WAS CLAIMED OR THE IMMEDIATELY
11 SUCCEEDING YEAR. AN OWNER OF PROPERTY THAT IS QUALIFIED FOREST
12 PROPERTY ON MAY 1 FOR WHICH AN EXEMPTION WAS DENIED BY THE ASSESSOR
13 IN THE YEAR THE AFFIDAVIT WAS FILED MAY FILE AN APPEAL WITH THE
14 JULY BOARD OF REVIEW FOR SUMMER TAXES OR, IF THERE IS NOT A SUMMER
15 LEVY OF SCHOOL OPERATING TAXES, WITH THE DECEMBER BOARD OF REVIEW
16 UNDER SECTION 53B.

17 (7) IF THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT BELIEVES
18 THAT THE PROPERTY FOR WHICH AN EXEMPTION HAS BEEN GRANTED IS NOT
19 QUALIFIED FOREST PROPERTY, THE ASSESSOR MAY DENY OR MODIFY AN
20 EXISTING EXEMPTION BY NOTIFYING THE OWNER IN WRITING AT THE TIME
21 REQUIRED FOR PROVIDING A NOTICE UNDER SECTION 24C. A TAXPAYER MAY
22 APPEAL THE ASSESSOR'S DETERMINATION TO THE BOARD OF REVIEW MEETING
23 UNDER SECTION 30. A DECISION OF THE BOARD OF REVIEW MAY BE APPEALED
24 TO THE RESIDENTIAL AND SMALL CLAIMS DIVISION OF THE MICHIGAN TAX
25 TRIBUNAL.

26 (8) IF PROPERTY FOR WHICH AN EXEMPTION HAS BEEN GRANTED UNDER
27 THIS SECTION IS NOT QUALIFIED FOREST PROPERTY, THE PROPERTY THAT

1 HAD BEEN SUBJECT TO THAT EXEMPTION SHALL BE IMMEDIATELY PLACED ON
2 THE TAX ROLL BY THE LOCAL TAX COLLECTING UNIT IF THE LOCAL TAX
3 COLLECTING UNIT HAS POSSESSION OF THE TAX ROLL OR BY THE COUNTY
4 TREASURER IF THE COUNTY HAS POSSESSION OF THE TAX ROLL AS THOUGH
5 THE EXEMPTION HAD NOT BEEN GRANTED. A CORRECTED TAX BILL SHALL BE
6 ISSUED FOR EACH TAX YEAR BEING ADJUSTED BY THE LOCAL TAX COLLECTING
7 UNIT IF THE LOCAL TAX COLLECTING UNIT HAS POSSESSION OF THE TAX
8 ROLL OR BY THE COUNTY TREASURER IF THE COUNTY HAS POSSESSION OF THE
9 TAX ROLL.

10 (9) IF PROPERTY FOR WHICH AN EXEMPTION HAS BEEN GRANTED UNDER
11 THIS SECTION IS CONVERTED BY A CHANGE IN USE AND IS NO LONGER
12 QUALIFIED FOREST PROPERTY, THE PROPERTY IS SUBJECT TO THE QUALIFIED
13 FOREST PROPERTY RECAPTURE TAX LEVIED UNDER THE QUALIFIED FOREST
14 PROPERTY RECAPTURE TAX ACT. AN OWNER OF QUALIFIED FOREST PROPERTY
15 SHALL INFORM A PROSPECTIVE BUYER OF THAT QUALIFIED FOREST PROPERTY
16 THAT THE QUALIFIED FOREST PROPERTY IS SUBJECT TO THE RECAPTURE TAX
17 PROVIDED IN THE QUALIFIED FOREST PROPERTY RECAPTURE TAX ACT, IF THE
18 QUALIFIED FOREST PROPERTY IS CONVERTED BY A CHANGE IN USE.

19 (10) THE STATE TREASURER SHALL ANNUALLY PAY FROM THE GENERAL
20 FUND OF THIS STATE TO THE STATE SCHOOL AID FUND ESTABLISHED IN
21 SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963, AN
22 AMOUNT EQUAL TO THE TOTAL AMOUNT OF THE TAX EXEMPTED UNDER THIS
23 SECTION IN EACH YEAR.

24 (11) IF QUALIFIED FOREST PROPERTY IS EXEMPT UNDER THIS
25 SECTION, AN OWNER OF THAT QUALIFIED FOREST PROPERTY SHALL ANNUALLY
26 REPORT TO THE DEPARTMENT OF TREASURY ON A FORM PRESCRIBED BY THE
27 DEPARTMENT OF TREASURY THE AMOUNT OF TIMBER PRODUCED ON THAT

1 QUALIFIED FOREST PROPERTY. BEGINNING IN 2008, AND EVERY 3 YEARS
2 THEREAFTER, THE DEPARTMENT OF TREASURY SHALL PROVIDE TO THE
3 STANDING COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES
4 WITH PRIMARY JURISDICTION OVER FORESTRY ISSUES A REPORT THAT
5 INCLUDES BOTH OF THE FOLLOWING:

6 (A) THE NUMBER OF ACRES OF QUALIFIED FOREST PROPERTY IN EACH
7 COUNTY.

8 (B) THE AMOUNT OF TIMBER HARVESTED ON QUALIFIED FOREST
9 PROPERTY EACH YEAR.

10 (12) AS USED IN THIS SECTION:

11 (A) "APPROVED FOREST MANAGEMENT PLAN" MEANS A FOREST
12 MANAGEMENT PLAN APPROVED BY THE DEPARTMENT OF AGRICULTURE. AN OWNER
13 OF PROPERTY MAY SUBMIT A PROPOSED FOREST MANAGEMENT PLAN TO THE
14 DEPARTMENT OF AGRICULTURE FOR APPROVAL. THE PROPOSED FOREST
15 MANAGEMENT PLAN SHALL INCLUDE A STATEMENT SIGNED BY THE OWNER THAT
16 HE OR SHE AGREES TO COMPLY WITH ALL TERMS AND CONDITIONS CONTAINED
17 IN AN APPROVED FOREST MANAGEMENT PLAN. THE DEPARTMENT MAY CHARGE A
18 NONREFUNDABLE \$20.00 FEE FOR CONSIDERATION OF EACH PROPOSED FOREST
19 MANAGEMENT PLAN SUBMITTED. THE DEPARTMENT OF AGRICULTURE SHALL
20 REVIEW AND EITHER APPROVE OR DISAPPROVE EACH PROPOSED FOREST
21 MANAGEMENT PLAN SUBMITTED WITHIN 30 DAYS AFTER SUBMISSION. IF A
22 PROPOSED FOREST MANAGEMENT PLAN IS NOT APPROVED OR DISAPPROVED
23 WITHIN 30 DAYS AFTER SUBMISSION, THE PROPOSED FOREST MANAGEMENT
24 PLAN SHALL BE CONSIDERED APPROVED. IF THE DEPARTMENT OF AGRICULTURE
25 DISAPPROVES A PROPOSED FOREST MANAGEMENT PLAN, IT SHALL INDICATE
26 THE CHANGES NECESSARY TO QUALIFY THE PROPOSED FOREST MANAGEMENT
27 PLAN FOR APPROVAL ON SUBSEQUENT REVIEW. AT THE REQUEST OF THE OWNER

1 SUBMITTING A PROPOSED FOREST MANAGEMENT PLAN, THE DEPARTMENT MAY
2 AGREE TO COMPLETE A PROPOSED FOREST MANAGEMENT PLAN. AN OWNER AND
3 THE DEPARTMENT OF AGRICULTURE MAY MUTUALLY AGREE TO AMEND A
4 PROPOSED FOREST MANAGEMENT PLAN OR AN APPROVED FOREST MANAGEMENT
5 PLAN.

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

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

10 (D) "NATURAL RESOURCES PROFESSIONAL" AND "REGISTERED FORESTER"
11 MEAN THOSE TERMS AS DEFINED IN SECTION 51101 OF THE NATURAL
12 RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL
13 324.51101.

14 (E) "PROPOSED FOREST MANAGEMENT PLAN" MEANS A PROPOSED PLAN
15 FOR HARVESTING, PLANTING, AND REGENERATION OF FOREST PRODUCTS ON A
16 PARCEL OF PROPERTY THAT IS PREPARED BY A QUALIFIED FORESTER OR BY
17 THE DEPARTMENT OF AGRICULTURE. A PROPOSED FOREST MANAGEMENT PLAN
18 SHALL INCLUDE ALL OF THE FOLLOWING:

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

20 (ii) THE LEGAL DESCRIPTION OF THE PROPERTY OR OF THE PARCEL ON
21 WHICH THE PROPERTY IS LOCATED.

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

23 (iv) A MAP, DIAGRAM, OR AERIAL PHOTOGRAPH THAT IDENTIFIES BOTH
24 FORESTED AND UNFORESTED AREAS OF THE PROPERTY, USING CONVENTIONAL
25 MAP SYMBOLS INDICATING THE SPECIES, SIZE, AND DENSITY OF VEGETATION
26 AND OTHER MAJOR FEATURES OF THE PROPERTY.

27 (v) A DESCRIPTION OF THE FORESTRY PRACTICES, INCLUDING

1 HARVESTING, THINNING, AND REFORESTATION, THAT WILL BE UNDERTAKEN,
2 SPECIFYING THE APPROXIMATE PERIOD OF TIME BEFORE EACH IS COMPLETED.

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

6 (vii) A PROPOSED FOREST MANAGEMENT PLAN MAY ALSO INCLUDE A
7 DESCRIPTION OF ACTIVITIES THAT MAY BE UNDERTAKEN FOR THE MANAGEMENT
8 OF FOREST RESOURCES OTHER THAN TREES, INCLUDING WILDLIFE HABITAT,
9 WATERSHEDS, AND AESTHETIC FEATURES.

10 (F) "QUALIFIED FOREST PROPERTY" MEANS A PARCEL OF REAL
11 PROPERTY THAT MEETS ALL OF THE FOLLOWING CONDITIONS AS DETERMINED
12 BY THE DEPARTMENT OF AGRICULTURE:

13 (i) IS NOT LESS THAN 20 CONTIGUOUS ACRES IN SIZE, OF WHICH NOT
14 LESS THAN 80% IS PRODUCTIVE FOREST CAPABLE OF PRODUCING WOOD
15 PRODUCTS. CONTIGUITY IS NOT BROKEN BY A ROAD, A RIGHT-OF-WAY, OR
16 PROPERTY PURCHASED OR TAKEN UNDER CONDEMNATION PROCEEDINGS BY A
17 PUBLIC UTILITY FOR POWER TRANSMISSION LINES IF THE 2 PARCELS
18 SEPARATED BY THE PURCHASED OR CONDEMNED PROPERTY WERE A SINGLE
19 PARCEL PRIOR TO THE SALE OR CONDEMNATION. AS USED IN THIS
20 SUBPARAGRAPH, "PRODUCTIVE FOREST" MEANS REAL PROPERTY CAPABLE OF
21 GROWING NOT LESS THAN 50 CUBIC FEET OF WOOD PER ACRE PER YEAR.

22 (ii) IS STOCKED WITH FOREST PRODUCTS.

23 (iii) IS SUBJECT TO AN APPROVED FOREST MANAGEMENT PLAN.

24 (G) "QUALIFIED FORESTER" MEANS A NATURAL RESOURCES
25 PROFESSIONAL OR REGISTERED FORESTER.

26 Sec. 27a. (1) Except as otherwise provided in this section,
27 property shall be assessed at 50% of its true cash value under

1 section 3 of article IX of the state constitution of 1963.

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

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

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

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

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

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

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

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

24 (a) A conveyance by deed.

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

1 following the year in which the contract is entered into and shall
2 not be subsequently adjusted under subsection (3) when the deed
3 conveying title to the property is recorded in the office of the
4 register of deeds in the county in which the property is located.

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

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

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

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

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

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

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

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

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

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

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

27 (b) A transfer from a husband, a wife, or a husband and wife

1 creating or disjoining a tenancy by the entireties in the grantors
2 or the grantor and his or her spouse.

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

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

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

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

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

27 (h) A transfer creating or terminating a joint tenancy between

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

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

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

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

27 (l) A transfer of real property or other ownership interests

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

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

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

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

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

11 (ii) The property is subject to the recapture tax provided for
12 under the agricultural property recapture act, 2000 PA 261, MCL
13 211.1001 to 211.1007.

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

1 BEING TRANSFERRED, ALL OF THE FOLLOWING SHALL OCCUR:

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

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

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

16 (a) The qualified agricultural property was qualified
17 agricultural property for taxes levied in 1999 and each year after
18 1999.

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

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

27 (10) The register of deeds of the county where deeds or other

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

20 (11) As used in this section:

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

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

25 (c) "Converted by a change in use" means that term as defined
26 in the agricultural property recapture act, 2000 PA 261, MCL
27 211.1001 to 211.1007.

1 (d) "Inflation rate" means that term as defined in section
2 34d.

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

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

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

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

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

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

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

27 (4) If an exemption under section 7cc is granted by the board

1 of review under this section, the provisions of section 7cc(6)
 2 through (11) apply. If an exemption under section 7cc is not
 3 granted by the board of review under this section, the owner may
 4 appeal that decision in writing to the department of treasury
 5 within 35 days of the board of review's denial and the appeal shall
 6 be conducted as provided in section ~~7ee(7)~~ **7CC(8)**.

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

17 (6) A correction under this section that grants a homestead
 18 exemption pursuant to section ~~7ee(21)~~ **7CC** may be made for the
 19 year in which the appeal was filed and the 3 immediately preceding
 20 tax years.

21 Enacting section 1. This amendatory act does not take effect
 22 unless all of the following bills of the 93rd Legislature are
 23 enacted into law:

24 (a) House Bill No. 5457.

25 (b) House Bill No. 5458.

26 Enacting section 2. Part 513 of the natural resources and
 27 environmental protection act, 1994 PA 451, MCL 324.51301 to

1 324.51312, is repealed effective September 1, 2007.