TRANSITIONAL QUALIFIED FOREST PROPERTY SPECIFIC TAX ACT
Act 260 of 2016

AN ACT 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.

History: 2016, Act 260, Imd. Eff. June 28, 2016.

The People of the State of Michigan enact:

211.1091 Short title.

Sec. 1. This act shall be known and may be cited as the "transitional qualified forest property specific tax act".

History: 2016, Act 260, Imd. Eff. June 28, 2016.

211.1092 Definitions.

Sec. 2. As used in this act:

(a) "Commission" means the state tax commission created by 1927 PA 360, MCL 209.101 to 209.107.

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

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

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

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

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

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

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

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

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

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

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

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

History: 2016, Act 260, Imd. Eff. June 28, 2016.

211.1093 Exemption from tax.

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

History: 2016, Act 260, Imd. Eff. June 28, 2016.

211.1094 Determination of forestland as transitional qualified forest property; application process.

Sec. 4. (1) An owner of forestland that withdraws commercial forestland under section 51108(5) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.51108, may apply to the department to have that forestland determined to be transitional qualified forest property. The application process shall include an application from the owner of the forestland on a form created by the department, a forest management plan, and a fee of $50.00. The applicant shall file the application not later than September 1 prior to the tax year in which transitional qualified forest property will be taxed under this act.

(2) The department shall review the application and forest management plan and determine whether the forestland is transitional qualified forest property under this act. The department shall review the forest

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management plan to determine if the elements required in section 7jj(17)(f) of the general property tax act, 1893 PA 206, MCL 211.7jj[1], are in the plan. Within 90 days of its receipt of the application, forest management plan, and fee, the department shall review the application and if the application and supporting documents are not in compliance, the department shall deny the application and notify the property owner of that denial. If the application and supporting documents are in compliance with the requirements of this act, the department shall approve the application and shall prepare a transitional qualified forest property affidavit, in recordable form, indicating all of the following:

(a) The name of the property owner.

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

(c) The legal description of the property.

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

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

(3) The department shall send a transitional qualified forest property affidavit prepared under subsection (2) and a commercial forest withdrawal certificate to the property owner. The property owner shall execute the transitional qualified forest property affidavit and the commercial forest withdrawal certificate and return both to the department.

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

(5) An owner may claim an exemption under this section for not more than 160 acres maximum of transitional qualified forest property per township. If an exemption is granted under this act for less than 160 acres in a township, an owner of that property may subsequently claim an exemption for additional property until the 160-acre maximum in that township is reached if that additional property otherwise meets the requirements of this act.

(6) Upon receipt of a copy of the recorded transitional qualified forest property affidavit and a copy of the recorded commercial forest withdrawal certificate by the assessor, the assessor shall exempt the property from the collection of the tax as provided in section 3 until December 31 of the year in which the property is no longer transitional qualified forest property.

History: 2016, Act 260, Imd. Eff. June 28, 2016.

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211.1095 Value and taxable value; determination by local tax assessor.

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

History: 2016, Act 260, Imd. Eff. June 28, 2016.

211.1096 Transitional qualified forest property specific tax; levy; amount; determination; payment; disbursement; form; fee; rescission of exemption; failure to file rescission; penalty.

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

(2) The amount of the transitional qualified forest property specific tax in each year shall be the greater of an amount equal to the specific tax calculated under section 51106 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.51106, for that property or an amount determined as follows:

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

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

(*i*) For the first year the transitional qualified forest property is subject to this act, .20.

(*ii*) For the second year the transitional qualified forest property is subject to this act, .40.

(*iii*) For the third year the transitional qualified forest property is subject to this act, .60.

(*iv*) For the fourth year the transitional qualified forest property is subject to this act, .80.

(*v*) For the fifth year the transitional qualified forest property is subject to this act, 1.0.

(c) If a new millage is approved in the local tax collecting unit in which transitional qualified forest property is located after the effective date of this act, multiply the number of mills that were approved that would be assessed if the transitional qualified forest property were subject to the collection of taxes under the

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general property tax act, 1893 PA 206, MCL 211.1 to 211.155, by the transitional qualified forest property's taxable value. Repeat this calculation for each individual new millage approved in the local tax collecting unit after the effective date of this act. As used in this subdivision, "new millage" does not include the renewal of some or all of a millage in existence on the effective date of this act.

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

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

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

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

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

(7) Not more than 90 days after all or a portion of the exempted property is no longer transitional qualified forest property, the owner shall rescind the exemption for the applicable portion of the property by filing with the register of deeds for the county in which the exempted property is located a rescission form prescribed by the department. A copy of the rescission form shall be provided to the assessor. The rescission form shall include a legal description of the property. An owner who fails to file a rescission form as required by this subsection is subject to a penalty of $5.00 per day for each separate failure beginning after the 90 days have elapsed, up to a maximum of $1,000.00. This penalty shall be collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be deposited in the private forestland enhancement fund created in section 51305 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.51305.

History: 2016, Act 260, Imd. Eff. June 28, 2016.

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211.1097 Unpaid taxes; manner of forfeiture, foreclosure, and sale.

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

History: 2016, Act 260, Imd. Eff. June 28, 2016.

211.1098 Forestland determined not to be transitional qualified forest property; notice to local tax collecting unit; placement of property on tax roll; corrected tax bill; property eligible for 5 years and still eligible under MCL 211.7jj[1].

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

(2) If forestland was subject to the transitional qualified forest property specific tax for a period of 5 years as determined by the department and the department also determines that the forestland is still eligible for the exemption under section 7jj of the general property tax act, 1893 PA 206, MCL 211.7jj[1], then both of the following apply:

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

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

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211.1099 Property converted by change in use; notification; form; rescission of exemption; placement of property on tax roll; collection of tax and penalty; collection of amount equal to application and fee that would have been assessed under MCL 324.51108.

Sec. 9. If all or a portion of transitional qualified forest property is converted by a change in use and is no longer transitional qualified forest property, an owner shall immediately notify the local tax collecting unit, the assessor, and the department, on a form created by the department. The form shall include a legal description of that property. A copy of the form shall be filed with the register of deeds for the county in which the property is located. Upon notice that property is no longer transitional qualified forest property, the local tax collecting unit and assessor shall immediately rescind the exemption under this act and shall place the property on the tax roll as though the exemption under this act had not been granted for the immediately succeeding tax year and the department of treasury shall immediately begin collection of any applicable tax and penalty under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155. The department of treasury shall also begin collection of an amount equal to the application fee and penalty that would have been assessed under section 51108 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.51108, to withdraw that property from the operation of part 511 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.51101 to 324.51120, in the year in which the property is converted by a change of use, calculated as if the property had not been withdrawn from the operation of part 511 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.51101 to 324.51120, and the treasurer shall credit these proceeds to the private forestland enhancement fund created in section 51305 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.51305.

History: 2016, Act 260, Imd. Eff. June 28, 2016.

211.1100 Forest practice or harvest; report.

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

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

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

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

History: 2016, Act 260, Imd. Eff. June 28, 2016.

211.1101 Documents; retention by owner; availability to department; maintenance of database; property determined not to be transitional qualified forest property; conditions; notice; placement on tax roll; certain information exempt from disclosure.

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

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15.246.

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