

**SUBSTITUTE FOR  
HOUSE BILL NO. 5457**

A bill to impose a state recapture tax on the change in use of certain qualified forest property; to provide for the administration of the recapture tax; to prescribe the powers and duties of certain state and local officers; to provide for the collection and distribution of the recapture tax; and to prescribe penalties and provide remedies.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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

3           Sec. 2. As used in this act:

4           (a) "Converted by a change in use" means that due to a change  
5 in use the property is no longer qualified forest property as

1 determined by the assessor of the local tax collecting unit.

2 (b) "Person" means an individual, partnership, corporation,  
3 limited liability company, association, governmental entity, or  
4 other legal entity.

5 (c) "Qualified forest property" means that term as defined in  
6 section 7jj of the general property tax act, 1893 PA 206, MCL  
7 211.7jj.

8 (d) "Recapture tax" means the qualified forest property  
9 recapture tax imposed under this act.

10 (e) "Treasurer" means the state treasurer.

11 Sec. 3. (1) Beginning January 1, 2007, the qualified forest  
12 property recapture tax provided under section 4 is imposed as  
13 provided in this section if the property is converted by a change  
14 in use after December 31, 2006.

15 (2) The recapture tax is the obligation of the person who  
16 owned the property at the time the property was converted by a  
17 change in use. If a recapture tax is imposed on the owner of the  
18 property under this subsection, the recapture tax is a lien on the  
19 property subject to the recapture tax until paid. If the recapture  
20 tax is not paid within 90 days of the date the property was  
21 converted by a change in use, the treasurer may bring a civil  
22 action against the owner of the property as of the date the  
23 property was converted by a change in use. If the recapture tax  
24 remains unpaid on the March 1 in the year immediately succeeding  
25 the year in which the property is converted by a change in use, the  
26 property on which the recapture tax is due shall be returned as  
27 delinquent to the county treasurer of the county in which the

1 property is located. Property returned as delinquent under this  
2 section, and upon which the recapture tax, interest, penalties, and  
3 fees remain unpaid after the property is returned as delinquent to  
4 the county treasurer, is subject to forfeiture, foreclosure, and  
5 sale for the enforcement and collection of the delinquent taxes as  
6 provided in sections 78 to 79a of the general property tax act,  
7 1893 PA 206, MCL 211.78 to 211.79a.

8       Sec. 4. (1) The recapture tax under this act shall be imposed  
9 at the following rate:

10       (a) If the property is converted by a change in use and there  
11 has not been 1 or more harvests of forest products on that  
12 property, 200% of the total amount exempted under section 7jj of  
13 the general property tax act, 1893 PA 206, MCL 211.7jj.

14       (b) If the property is converted by a change in use and there  
15 has been 1 or more harvests of forest products on that property, at  
16 the following rate:

17       (i) If the property is converted by a change in use within 20  
18 years after an exemption is first claimed under section 7jj of the  
19 general property tax act, 1893 PA 206, MCL 211.7jj, 100% of the  
20 total amount exempted under section 7jj of the general property tax  
21 act, 1893 PA 206, MCL 211.7jj.

22       (ii) If the property is converted by a change in use 20 or more  
23 years but less than 30 years after an exemption is first claimed  
24 under section 7jj of the general property tax act, 1893 PA 206, MCL  
25 211.7jj, 75% of the total amount exempted under section 7jj of the  
26 general property tax act, 1893 PA 206, MCL 211.7jj.

27       (iii) If the property is converted by a change in use 30 or more

1 years but less than 40 years after an exemption is first claimed  
2 under section 7jj of the general property tax act, 1893 PA 206, MCL  
3 211.7jj, 50% of the total amount exempted under section 7jj of the  
4 general property tax act, 1893 PA 206, MCL 211.7jj.

5 (iv) If the property is converted by a change in use 40 or more  
6 years after an exemption is first claimed under section 7jj of the  
7 general property tax act, 1893 PA 206, MCL 211.7jj, no recapture  
8 tax is due under this act.

9 (2) As used in this section, "forest products" means that term  
10 as defined in section 7jj of the general property tax act, 1893 PA  
11 206, MCL 211.7jj.

12 Sec. 5. (1) The recapture tax shall be collected by the county  
13 treasurer and deposited with the treasurer as provided in this  
14 section. By the fifteenth day of each month, the county treasurer  
15 shall, on a form prescribed by the treasurer, itemize the recapture  
16 taxes collected and the recapture taxes that are delinquent in the  
17 preceding month and transmit the form and the recapture taxes  
18 collected to the treasurer. The county treasurer may retain the  
19 interest earned on the money collected pursuant to this act while  
20 held by the county treasurer as reimbursement for the costs  
21 incurred by the county in collecting and transmitting the recapture  
22 tax. The money retained by the county treasurer under this section  
23 shall be deposited in the treasury of the county in which the  
24 recapture tax is collected to the credit of the general fund.

25 (2) The assessor of the local tax collecting unit shall notify  
26 the county treasurer of the date the property is converted by a  
27 change in use.

1           Sec. 6. The treasurer shall credit the proceeds of the  
2 recapture tax collected by county treasurers under this act to the  
3 general fund of this state.

4           Sec. 7. This act shall be administered by the department of  
5 treasury under 1941 PA 122, MCL 205.1 to 205.31.

6           Enacting section 1. This act does not take effect unless all  
7 of the following bills of the 93rd Legislature are enacted into  
8 law:

9           (a) House Bill No. 5458.

10          (b) House Bill No. 5462.