

Legislative Analysis



QUALIFIED FOREST PROPERTY RECAPTURE TAX

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House Bill 4302

Sponsor: Rep. Ed McBroom

Committee: Natural Resources, Tourism, and Outdoor Recreation
(Subcommittee on Forestry and Mining)

Complete to 10-17-11

A SUMMARY OF HOUSE BILL 4969 AS INTRODUCED 9-14-11

House Bill 4302 would amend the Qualified Forest Property Recapture Tax Act to change the formula by which the recapture tax is collected.

The recapture tax is part of the forest industry development legislation enacted in 2006 that, among other things, provides property tax relief for private land owners who harvest their lands for timber and open them up to the public. Qualified property is exempt from local school operating taxes. The recapture tax is imposed on qualified forest property when it is converted to another use.

Currently, the statute requires as the first step in the calculation of the recapture tax, multiplying the property's state equalized valuation (SEV) at the time the property is converted by a change in use, by the total millage rate levied by all taxing units in the local tax collecting area where the property is located.

The bill would change the first step in the calculation so that it would require multiplying the property's **taxable value** at the time the property is converted by a change in use by **18 mills**. This is the only change made in the calculation of the recapture tax. As now, the product of that calculation would be multiplied by 7. If there had not been a harvest of forest products on the property consistent with the approved forest management plan, the recapture tax would be doubled.

MCL 211.1034

FISCAL IMPACT:

A fiscal analysis is in process.

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