

HOUSE BILL No. 4970

September 14, 2011, Introduced by Reps. Huuki and Foster and referred to the Committee on Natural Resources, Tourism, and Outdoor Recreation.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 7dd, 7jj, and 27a (MCL 211.7dd, 211.7jj[1],
and 211.27a), section 7dd as amended by 2010 PA 17, section 7jj as
added by 2006 PA 378, and section 27a as amended by 2008 PA 506.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7dd. As used in sections 7cc and 7ee:

2 (a) "Owner" means any of the following:

3 (i) A person who owns property or who is purchasing property
4 under a land contract.

5 (ii) A person who is a partial owner of property.

6 (iii) A person who owns property as a result of being a
7 beneficiary of a will or trust or as a result of intestate
8 succession.

9 (iv) A person who owns or is purchasing a dwelling on leased

1 land.

2 (v) A person holding a life lease in property previously sold
3 or transferred to another.

4 (vi) A grantor who has placed the property in a revocable trust
5 or a qualified personal residence trust.

6 (vii) The sole present beneficiary of a trust if the trust
7 purchased or acquired the property as a principal residence for the
8 sole present beneficiary of the trust, and the sole present
9 beneficiary of the trust is totally and permanently disabled. As
10 used in this subparagraph, "totally and permanently disabled" means
11 disability as defined in section 216 of title II of the social
12 security act, 42 USC 416, without regard as to whether the sole
13 present beneficiary of the trust has reached the age of retirement.

14 (viii) A cooperative housing corporation.

15 (ix) A facility registered under the living care disclosure
16 act, 1976 PA 440, MCL 554.801 to 554.844.

17 (b) "Person", for purposes of defining owner as used in
18 section 7cc, means an individual and for purposes of defining owner
19 as used in section 7ee means an individual, partnership,
20 corporation, limited liability company, association, or other legal
21 entity.

22 (c) "Principal residence" means the 1 place where an owner of
23 the property has his or her true, fixed, and permanent home to
24 which, whenever absent, he or she intends to return and that shall
25 continue as a principal residence until another principal residence
26 is established. Except as otherwise provided in this subdivision,
27 principal residence includes only that portion of a dwelling or

1 unit in a multiple-unit dwelling that is subject to ad valorem
2 taxes and that is owned and occupied by an owner of the dwelling or
3 unit. Principal residence also includes all of an owner's
4 unoccupied property classified as residential that is adjoining or
5 contiguous to the dwelling subject to ad valorem taxes and that is
6 owned and occupied by the owner. Beginning December 31, 2007,
7 principal residence also includes all of an owner's unoccupied
8 property classified as timber-cutover real property under section
9 34c that is adjoining or contiguous to the dwelling subject to ad
10 valorem taxes and that is owned and occupied by the owner.
11 Contiguity is not broken by a road, a right-of-way, or property
12 purchased or taken under condemnation proceedings by a public
13 utility for power transmission lines if the 2 parcels separated by
14 the purchased or condemned property were a single parcel prior to
15 the sale or condemnation. Except as otherwise provided in this
16 subdivision, principal residence also includes any portion of a
17 dwelling or unit of an owner that is rented or leased to another
18 person as a residence as long as that portion of the dwelling or
19 unit that is rented or leased is less than 50% of the total square
20 footage of living space in that dwelling or unit. Principal
21 residence also includes a life care facility registered under the
22 living care disclosure act, 1976 PA 440, MCL 554.801 to 554.844.
23 Principal residence also includes property owned by a cooperative
24 housing corporation and occupied by tenant stockholders. Property
25 that qualified as a principal residence shall continue to qualify
26 as a principal residence for 3 years after all or any portion of
27 the dwelling or unit included in or constituting the principal

1 residence is rented or leased to another person as a residence if
2 all of the following conditions are satisfied:

3 (i) The owner of the dwelling or unit is absent while on active
4 duty in the armed forces of the United States.

5 (ii) The dwelling or unit would otherwise qualify as the
6 owner's principal residence.

7 (iii) Except as otherwise provided in this subparagraph, the
8 owner files an affidavit with the assessor of the local tax
9 collecting unit on or before May 1 attesting that it is his or her
10 intent to occupy the dwelling or unit as a principal residence upon
11 completion of active duty in the armed forces of the United States.
12 In 2008 only, the owner may file an affidavit under this
13 subparagraph on or before December 31. A copy of an affidavit filed
14 under this subparagraph shall be forwarded to the department of
15 treasury pursuant to a schedule prescribed by the department of
16 treasury.

17 (d) "Qualified agricultural property" means unoccupied
18 property and related buildings classified as agricultural, or other
19 unoccupied property and related buildings located on that property
20 devoted primarily to agricultural use as defined in section 36101
21 of the natural resources and environmental protection act, 1994 PA
22 451, MCL 324.36101. Related buildings include a residence occupied
23 by a person employed in or actively involved in the agricultural
24 use and who has not claimed a principal residence exemption on
25 other property. Property used for commercial storage, commercial
26 processing, commercial distribution, commercial marketing, or
27 commercial shipping operations or other commercial or industrial

purposes is not qualified agricultural property. A parcel of property is devoted primarily to agricultural use only if more than 50% of the parcel's acreage is devoted to agricultural use **OR IF MORE THAN 50% OF THE PARCEL'S ACREAGE IS DEVOTED TO A COMBINATION OF AGRICULTURAL USE AND USE AS QUALIFIED FOREST PROPERTY AND NOT MORE THAN 25% OF THE PARCEL'S ACREAGE IS QUALIFIED FOREST PROPERTY.**

An owner shall not receive an exemption for that portion of the total state equalized valuation of the property that is used for a commercial or industrial purpose or that is a residence that is not a related building. **AS USED IN THIS SUBDIVISION, "QUALIFIED FOREST PROPERTY" MEANS PROPERTY DESIGNATED AS QUALIFIED FOREST PROPERTY UNDER PART 514 OF NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.51401 TO 324.51421, AND EXEMPT UNDER SECTION 7JJ[1] (1) .**

Sec. 7jj. (1) ~~Except as otherwise limited in this subsection, qualified~~ **QUALIFIED** forest property is exempt from the tax levied by a local school district for school operating purposes to the extent provided under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211. ~~, according to the provisions of this section. The amount of qualified forest property in this state that is eligible for the exemption under this section is limited as follows:~~

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

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

~~—— (c) In the fiscal year ending September 30, 2010, 900,000~~

1 ~~acres.~~

2 ~~—— (d) In the fiscal year ending September 30, 2011 and each~~
3 ~~fiscal year thereafter, 1,200,000 acres.~~

4 (2) To claim an exemption under subsection (1), the owner of
5 qualified forest property shall ~~file an affidavit claiming the~~
6 ~~exemption and an approved forest management plan or a certificate~~
7 ~~provided by a third party certifying organization with the local~~
8 ~~tax collecting unit by December 31. An owner may claim an exemption~~
9 ~~under this section for not more than 320 acres of qualified forest~~
10 ~~property in each local tax collecting unit. If an exemption is~~
11 ~~granted under this section for less than 320 acres in a local tax~~
12 ~~collecting unit, an owner of that property may subsequently claim~~
13 ~~an exemption for additional property in that local tax collecting~~
14 ~~unit if that additional property meets the requirements of this~~
15 ~~section.~~**SUBMIT AN APPLICATION FOR THAT EXEMPTION AS PROVIDED IN**
16 ~~**PART 514 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT,**~~
17 ~~**1994 PA 451, MCL 324.51401 TO 324.51421.**~~

18 ~~—— (3) The affidavit shall be on a form prescribed by the~~
19 ~~department of treasury and shall require the person submitting the~~
20 ~~affidavit to attest that the property for which the exemption is~~
21 ~~elaimed is qualified forest property and will be managed according~~
22 ~~to the approved forest management plan.~~

23 ~~—— (4) The assessor shall determine if the property is qualified~~
24 ~~forest property based on a recommendation from the department of~~
25 ~~natural resources and confirmation that the acreage limitation set~~
26 ~~forth in subsection (1) has not been reached and if so shall exempt~~
27 ~~the property from the collection of the tax as provided in~~

~~subsection (1) until December 31 of the year in which the property is no longer qualified forest property.~~

(3) ~~(5)~~—Not more than 90 days after all or a portion of the exempted property is no longer qualified forest property, the owner shall rescind the exemption for the applicable portion of the property by filing with the local tax collecting unit a rescission form prescribed by the department of treasury. An owner who fails to file a rescission as required by this subsection **OR AN OWNER WHO IS FOUND GUILTY UNDER SECTION 51420 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.51420,** 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 general fund of this state.

(4) ~~(6)~~—An owner of property that is qualified forest property on December 31 for which an exemption was not on the tax roll may file an appeal with the July or December board of review under section 53b in the year the exemption was claimed or the immediately succeeding year. An owner of property that is qualified forest property on May 1 for which an exemption was denied by the assessor in the year the affidavit was filed may file an appeal with the July board of review for summer taxes or, if there is not a summer levy of school operating taxes, with the December board of review under section 53b.

(5) ~~(7)~~—If the assessor of the local tax collecting unit ~~believes~~ **DETERMINES** that the property for which an exemption has

1 been granted is not qualified forest property, ~~based on a~~
2 ~~recommendation from the department of natural resources,~~ the
3 assessor may deny or modify an existing exemption by notifying the
4 owner in writing at the time required for providing a notice under
5 section 24c. A taxpayer may appeal the assessor's determination to
6 the board of review meeting under section 30. A decision of the
7 board of review may be appealed to the residential and small claims
8 division of the Michigan tax tribunal.

9 (6) ~~(8)~~—If property for which an exemption has been granted
10 under this section is not qualified forest property, the property
11 that had been subject to that exemption shall be immediately placed
12 on the tax roll by the local tax collecting unit if the local tax
13 collecting unit has possession of the tax roll or by the county
14 treasurer if the county has possession of the tax roll as though
15 the exemption had not been granted. A corrected tax bill shall be
16 issued for each tax year being adjusted by the local tax collecting
17 unit if the local tax collecting unit has possession of the tax
18 roll or by the county treasurer if the county has possession of the
19 tax roll.

20 (7) ~~(9)~~—If property for which an exemption has been granted
21 under this section is converted by a change in use and is no longer
22 qualified forest property, the property is subject to the qualified
23 forest property recapture tax levied under the qualified forest
24 property recapture tax act, **2006 PA 379, MCL 211.1031 TO 211.1036.**
25 An owner of qualified forest property shall inform a prospective
26 buyer of that qualified forest property that the qualified forest
27 property is subject to the recapture tax provided in the qualified

1 forest property recapture tax act, 2006 PA 379, MCL 211.1031 TO
2 211.1036, if the qualified forest property is converted by a change
3 in use.

4 ~~—— (10) If qualified forest property is exempt under this~~
5 ~~section, an owner of that qualified forest property shall annually~~
6 ~~report to the department of natural resources on a form prescribed~~
7 ~~by the department of natural resources the amount of timber~~
8 ~~produced on that qualified forest property and whether any~~
9 ~~buildings or structures have been constructed on the qualified~~
10 ~~forest property. Beginning in 2008, and every 3 years thereafter,~~
11 ~~the department of natural resources shall provide to the standing~~
12 ~~committees of the senate and house of representatives with primary~~
13 ~~jurisdiction over forestry issues a report that includes all of the~~
14 ~~following:~~

15 ~~—— (a) The number of acres of qualified forest property in each~~
16 ~~county.~~

17 ~~—— (b) The amount of timber produced on qualified forest property~~
18 ~~each year.~~

19 ~~—— (11) As used in this section:~~

20 ~~—— (a) "Approved forest management plan" means 1 of the~~
21 ~~following:~~

22 ~~—— (i) A forest management plan approved by the department of~~
23 ~~natural resources. An owner of property may submit a proposed~~
24 ~~forest management plan to the department of natural resources for~~
25 ~~approval. The proposed forest management plan shall include a~~
26 ~~statement signed by the owner that he or she agrees to comply with~~
27 ~~all terms and conditions contained in the approved forest~~

~~management plan. The department of natural resources may charge a fee of not more than \$200.00 for the consideration of each proposed forest management plan submitted. The department of natural resources shall review and either approve or disapprove each proposed forest management plan submitted. If the department of natural resources disapproves a proposed forest management plan, the department of natural resources shall indicate the changes necessary to qualify the proposed forest management plan for approval on subsequent review. At the request of the owner submitting a proposed forest management plan, the department of natural resources may agree to complete a proposed forest management plan. An owner and the department of natural resources may mutually agree to amend a proposed forest management plan or an approved forest management plan. A forest management plan submitted to the department of natural resources for approval shall not extend beyond a period of 20 years. An owner of property may submit a succeeding proposed forest management plan to the department of natural resources for approval.~~

~~—— (ii) A forest management plan certified by a third party certifying organization.~~

~~—— (b) "Converted by a change in use" means that term as defined in section 2 of the qualified forest property recapture tax act.~~

~~—— (c) "Forest products" includes, but is not limited to, timber and pulpwood related products.~~

~~—— (d) "Natural resources professional" and "registered forester" mean those terms as defined in section 51101 of the natural resources and environmental protection act, 1994 PA 451, MCL~~

1 ~~324.51101.~~

2 ~~—— (e) "Proposed forest management plan" means a proposed plan~~
3 ~~for sustainable forest management that includes, but is not limited~~
4 ~~to, harvesting, planting, and regeneration of forest products on a~~
5 ~~parcel of property that is prepared by a qualified forester. A~~
6 ~~proposed forest management plan shall include all of the following:~~

7 ~~—— (i) The name and address of each owner of the property.~~

8 ~~—— (ii) The legal description and parcel identification number of~~
9 ~~the property or of the parcel on which the property is located.~~

10 ~~—— (iii) A statement of the owner's forest management objectives.~~

11 ~~—— (iv) A map, diagram, or aerial photograph that identified both~~
12 ~~forested and unforested areas of the property, using conventional~~
13 ~~map symbols indicating the species, size, and density of vegetation~~
14 ~~and other major features of the property.~~

15 ~~—— (v) A description of the forestry practices, including~~
16 ~~harvesting, thinning, and reforestation, that will be undertaken,~~
17 ~~specifying the approximate period of time before each is completed.~~

18 ~~—— (vi) A description of soil conservation practices that may be~~
19 ~~necessary to control any soil erosion that may result from the~~
20 ~~forestry practices described pursuant to subparagraph (v).~~

21 ~~—— (vii) A proposed forest management plan shall also include a~~
22 ~~description of activities that may be undertaken for the management~~
23 ~~of forest resources other than trees, including wildlife habitat,~~
24 ~~watersheds, and aesthetic features.~~

25 ~~—— (f) "Qualified forest property" means a parcel of real~~
26 ~~property that meets all of the following conditions as determined~~
27 ~~by the department of natural resources:~~

~~—— (i) Is not less than 20 contiguous acres in size, of which not less than 80% is productive forest capable of producing wood products. Contiguity is not broken by a road, a right of way, or property purchased or taken under condemnation proceedings by a public utility for power transmission lines if the 2 parcels separated by the purchased or condemned property were a single parcel prior to the sale or condemnation. As used in this subparagraph, "productive forest" means real property capable of growing not less than 20 cubic feet of wood per acre per year. However, if property has been considered productive forest, an act of God that negatively affects that property shall not result in that property not being considered productive forest.~~

~~—— (ii) Is stocked with forest products.~~

~~—— (iii) Has no buildings or structures located on the real property.~~

~~—— (iv) Is subject to an approved forest management plan.~~

~~—— (g) "Qualified forester" means natural resources professional, a registered forester, or a conservation district forester.~~

~~—— (h) "Third party certifying organization" means an independent third party organization that assesses and evaluates forest management practices according to the standards of a certification program that measures whether forest management practices are consistent with principles of sustainable forestry. Third party certifying organization includes, but is not limited to, the forest stewardship council and the sustainable forest initiative.~~

(8) AS USED IN THIS SECTION:

(A) "CONVERTED BY A CHANGE IN USE" MEANS THAT TERM AS DEFINED

1 IN SECTION 2 OF THE QUALIFIED FOREST PROPERTY RECAPTURE TAX ACT,
2 2006 PA 379, MCL 211.1031 TO 211.1036.

3 (B) "QUALIFIED FOREST PROPERTY" MEANS PROPERTY DESIGNATED AS
4 QUALIFIED FOREST PROPERTY UNDER PART 514 OF THE NATURAL RESOURCES
5 AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.51401 TO
6 324.51421.

7 Sec. 27a. (1) Except as otherwise provided in this section,
8 property shall be assessed at 50% of its true cash value under
9 section 3 of article IX of the state constitution of 1963.

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

13 (a) The property's taxable value in the immediately preceding
14 year minus any losses, multiplied by the lesser of 1.05 or the
15 inflation rate, plus all additions. For taxes levied in 1995, the
16 property's taxable value in the immediately preceding year is the
17 property's state equalized valuation in 1994.

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

19 (3) Upon a transfer of ownership of property after 1994, the
20 property's taxable value for the calendar year following the year
21 of the transfer is the property's state equalized valuation for the
22 calendar year following the transfer.

23 (4) If the taxable value of property is adjusted under
24 subsection (3), a subsequent increase in the property's taxable
25 value is subject to the limitation set forth in subsection (2)
26 until a subsequent transfer of ownership occurs. If the taxable
27 value of property is adjusted under subsection (3) and the assessor

1 determines that there had not been a transfer of ownership, the
2 taxable value of the property shall be adjusted at the July or
3 December board of review. Notwithstanding the limitation provided
4 in section 53b(1) on the number of years for which a correction may
5 be made, the July or December board of review may adjust the
6 taxable value of property under this subsection for the current
7 year and for the 3 immediately preceding calendar years. A
8 corrected tax bill shall be issued for each tax year for which the
9 taxable value is adjusted by the local tax collecting unit if the
10 local tax collecting unit has possession of the tax roll or by the
11 county treasurer if the county has possession of the tax roll. For
12 purposes of section 53b, an adjustment under this subsection shall
13 be considered the correction of a clerical error.

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

26 (6) As used in this act, "transfer of ownership" means the
27 conveyance of title to or a present interest in property, including

1 the beneficial use of the property, the value of which is
2 substantially equal to the value of the fee interest. Transfer of
3 ownership of property includes, but is not limited to, the
4 following:

5 (a) A conveyance by deed.

6 (b) A conveyance by land contract. The taxable value of
7 property conveyed by a land contract executed after December 31,
8 1994 shall be adjusted under subsection (3) for the calendar year
9 following the year in which the contract is entered into and shall
10 not be subsequently adjusted under subsection (3) when the deed
11 conveying title to the property is recorded in the office of the
12 register of deeds in the county in which the property is located.

13 (c) A conveyance to a trust after December 31, 1994, except if
14 the settlor or the settlor's spouse, or both, conveys the property
15 to the trust and the sole present beneficiary or beneficiaries are
16 the settlor or the settlor's spouse, or both.

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

20 (e) A change in the sole present beneficiary or beneficiaries
21 of a trust, except a change that adds or substitutes the spouse of
22 the sole present beneficiary.

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

25 (g) A conveyance by lease if the total duration of the lease,
26 including the initial term and all options for renewal, is more
27 than 35 years or the lease grants the lessee a bargain purchase

1 option. As used in this subdivision, "bargain purchase option"
2 means the right to purchase the property at the termination of the
3 lease for not more than 80% of the property's projected true cash
4 value at the termination of the lease. After December 31, 1994, the
5 taxable value of property conveyed by a lease with a total duration
6 of more than 35 years or with a bargain purchase option shall be
7 adjusted under subsection (3) for the calendar year following the
8 year in which the lease is entered into. This subdivision does not
9 apply to personal property except buildings described in section
10 14(6) and personal property described in section 8(h), (i), and
11 (j). This subdivision does not apply to that portion of the
12 property not subject to the leasehold interest conveyed.

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

26 (i) A transfer of property held as a tenancy in common, except
27 that portion of the property not subject to the ownership interest

1 conveyed.

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

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

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

8 (b) A transfer from a husband, a wife, or a husband and wife
9 creating or disjoining a tenancy by the entirety in the grantors
10 or the grantor and his or her spouse.

11 (c) A transfer of that portion of property subject to a life
12 estate or life lease retained by the transferor, until expiration
13 or termination of the life estate or life lease. That portion of
14 property transferred that is not subject to a life lease shall be
15 adjusted under subsection (3).

16 (d) A transfer through foreclosure or forfeiture of a recorded
17 instrument under chapter 31, 32, or 57 of the revised judicature
18 act of 1961, 1961 PA 236, MCL 600.3101 to 600.3285 and MCL 600.5701
19 to 600.5759, or through deed or conveyance in lieu of a foreclosure
20 or forfeiture, until the mortgagee or land contract vendor
21 subsequently transfers the property. If a mortgagee does not
22 transfer the property within 1 year of the expiration of any
23 applicable redemption period, the property shall be adjusted under
24 subsection (3).

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

27 (f) A conveyance to a trust if the settlor or the settlor's

1 spouse, or both, conveys the property to the trust and the sole
2 present beneficiary of the trust is the settlor or the settlor's
3 spouse, or both.

4 (g) A transfer pursuant to a judgment or order of a court of
5 record making or ordering a transfer, unless a specific monetary
6 consideration is specified or ordered by the court for the
7 transfer.

8 (h) A transfer creating or terminating a joint tenancy between
9 2 or more persons if at least 1 of the persons was an original
10 owner of the property before the joint tenancy was initially
11 created and, if the property is held as a joint tenancy at the time
12 of conveyance, at least 1 of the persons was a joint tenant when
13 the joint tenancy was initially created and that person has
14 remained a joint tenant since the joint tenancy was initially
15 created. A joint owner at the time of the last transfer of
16 ownership of the property is an original owner of the property. For
17 purposes of this subdivision, a person is an original owner of
18 property owned by that person's spouse.

19 (i) A transfer for security or an assignment or discharge of a
20 security interest.

21 (j) A transfer of real property or other ownership interests
22 among members of an affiliated group. As used in this subsection,
23 "affiliated group" means 1 or more corporations connected by stock
24 ownership to a common parent corporation. Upon request by the state
25 tax commission, a corporation shall furnish proof within 45 days
26 that a transfer meets the requirements of this subdivision. A
27 corporation that fails to comply with a request by the state tax

1 commission under this subdivision is subject to a fine of \$200.00.

2 (k) Normal public trading of shares of stock or other
3 ownership interests that, over any period of time, cumulatively
4 represent more than 50% of the total ownership interest in a
5 corporation or other legal entity and are traded in multiple
6 transactions involving unrelated individuals, institutions, or
7 other legal entities.

8 (l) A transfer of real property or other ownership interests
9 among corporations, partnerships, limited liability companies,
10 limited liability partnerships, or other legal entities if the
11 entities involved are commonly controlled. Upon request by the
12 state tax commission, a corporation, partnership, limited liability
13 company, limited liability partnership, or other legal entity shall
14 furnish proof within 45 days that a transfer meets the requirements
15 of this subdivision. A corporation, partnership, limited liability
16 company, limited liability partnership, or other legal entity that
17 fails to comply with a request by the state tax commission under
18 this subdivision is subject to a fine of \$200.00.

19 (m) A direct or indirect transfer of real property or other
20 ownership interests resulting from a transaction that qualifies as
21 a tax-free reorganization under section 368 of the internal revenue
22 code, 26 USC 368. Upon request by the state tax commission, a
23 property owner shall furnish proof within 45 days that a transfer
24 meets the requirements of this subdivision. A property owner who
25 fails to comply with a request by the state tax commission under
26 this subdivision is subject to a fine of \$200.00.

27 (n) A transfer of qualified agricultural property, if the

1 person to whom the qualified agricultural property is transferred
2 files an affidavit with the assessor of the local tax collecting
3 unit in which the qualified agricultural property is located and
4 with the register of deeds for the county in which the qualified
5 agricultural property is located attesting that the qualified
6 agricultural property shall remain qualified agricultural property.
7 The affidavit under this subdivision shall be in a form prescribed
8 by the department of treasury. An owner of qualified agricultural
9 property shall inform a prospective buyer of that qualified
10 agricultural property that the qualified agricultural property is
11 subject to the recapture tax provided in the agricultural property
12 recapture act, 2000 PA 261, MCL 211.1001 to 211.1007, if the
13 qualified agricultural property is converted by a change in use. If
14 property ceases to be qualified agricultural property at any time
15 after being transferred, all of the following shall occur:

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

19 (ii) The property is subject to the recapture tax provided for
20 under the agricultural property recapture act, 2000 PA 261, MCL
21 211.1001 to 211.1007.

22 (o) A transfer of qualified forest property, if the person to
23 whom the qualified forest property is transferred files an
24 affidavit with the assessor of the local tax collecting unit in
25 which the qualified forest property is located and with the
26 register of deeds for the county in which the qualified forest
27 property is located attesting that the qualified forest property

1 shall remain qualified forest property. The affidavit under this
2 subdivision shall be in a form prescribed by the department of
3 treasury. An owner of qualified forest property shall inform a
4 prospective buyer of that qualified forest property that the
5 qualified forest property is subject to the recapture tax provided
6 in the qualified forest property recapture tax act, 2006 PA 379,
7 MCL 211.1031 to 211.1036, if the qualified forest property is
8 converted by a change in use. If property ceases to be qualified
9 forest property at any time after being transferred, all of the
10 following shall occur:

11 (i) The taxable value of that property shall be adjusted under
12 subsection (3) as of the December 31 in the year that the property
13 ceases to be qualified forest property.

14 (ii) The property is subject to the recapture tax provided for
15 under the qualified forest property recapture tax act, 2006 PA 379,
16 MCL 211.1031 to 211.1036.

17 (p) Beginning on ~~the effective date of the amendatory act that~~
18 ~~added this subdivision~~ **DECEMBER 8, 2006**, a transfer of land, but
19 not buildings or structures located on the land, which meets 1 or
20 more of the following requirements:

21 (i) The land is subject to a conservation easement under
22 subpart 11 of part 21 of the natural resources and environmental
23 protection act, 1994 PA 451, MCL 324.2140 to 324.2144. As used in
24 this subparagraph, "conservation easement" means that term as
25 defined in section 2140 of the natural resources and environmental
26 protection act, 1994 PA 451, MCL 324.2140.

27 (ii) A transfer of ownership of the land or a transfer of an

1 interest in the land is eligible for a deduction as a qualified
2 conservation contribution under section 170(h) of the internal
3 revenue code, 26 USC 170.

4 (q) A transfer of real property or other ownership interests
5 resulting from a consolidation or merger of a domestic nonprofit
6 corporation that is a boy or girl scout or camp fire girls
7 organization, a 4-H club or foundation, a young men's Christian
8 association, or a young women's Christian association and at least
9 50% of the members of that organization or association are
10 residents of this state.

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

20 (a) The qualified agricultural property was qualified
21 agricultural property for taxes levied in 1999 and each year after
22 1999.

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

26 (9) If the taxable value of qualified agricultural property is
27 adjusted under subsection (8), the owner of that qualified

1 agricultural property shall not be entitled to a refund for any
2 property taxes collected under this act on that qualified
3 agricultural property before the adjustment under subsection (8).

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

24 (11) As used in this section:

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

26 (b) "Beneficial use" means the right to possession, use, and
27 enjoyment of property, limited only by encumbrances, easements, and

1 restrictions of record.

2 (c) "Converted by a change in use" means that term as defined
3 in the agricultural property recapture act, 2000 PA 261, MCL
4 211.1001 to 211.1007.

5 (d) "Inflation rate" means that term as defined in section
6 34d.

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

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

10 (g) "Qualified forest property" means ~~that term as defined in~~
11 ~~section 7jj[1]~~. **PROPERTY DESIGNATED AS QUALIFIED FOREST PROPERTY**
12 **UNDER PART 514 OF THE NATURAL RESOURCES AND ENVIRONMENTAL**
13 **PROTECTION ACT, 1994 PA 451, MCL 324.51401 TO 324.51421, AND EXEMPT**
14 **UNDER SECTION 7JJ[1].**

15 Enacting section 1. This amendatory act does not take effect
16 unless Senate Bill No. ____ or House Bill No. 4969(request no.
17 02751'11) of the 96th Legislature is enacted into law.