

# SENATE BILL No. 1059

March 29, 2012, Introduced by Senators BOOHER, GREEN, BRANDENBURG and CASPERSON and referred to the Committee on Natural Resources, Environment and Great Lakes.

A bill to amend 1893 PA 206, entitled  
 "The general property tax act,"  
 by amending sections 7jj and 27a (MCL 211.7jj[1] and 211.27a),  
 section 7jj as added by 2006 PA 378 and section 27a as amended by  
 2012 PA 47.

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

1       Sec. 7jj. (1) Except as otherwise limited in this subsection,  
 2 qualified forest property is exempt from the tax levied by a local  
 3 school district for school operating purposes to the extent  
 4 provided under section 1211 of the revised school code, 1976 PA  
 5 451, MCL 380.1211, according to the provisions of this section. **IF**  
 6 **A PROPERTY OWNER IS INTERESTED IN OBTAINING AN EXEMPTION FOR**  
 7 **QUALIFIED FOREST PROPERTY UNDER THIS SECTION, THE PROPERTY OWNER**  
 8 **MAY CONTACT THE DEPARTMENT AND THE DEPARTMENT SHALL ADVISE THE**  
 9 **PROPERTY OWNER ON THE EXEMPTION PROCESS. IF REQUESTED BY THE**

1 PROPERTY OWNER, THE DEPARTMENT SHALL PROVIDE THE PROPERTY OWNER  
2 WITH A LIST OF QUALIFIED FORESTERS TO PREPARE A FOREST MANAGEMENT  
3 PLAN. The amount of qualified forest property in this state that is  
4 eligible for the exemption under this section is limited as  
5 follows:

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

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

10 (c) In the fiscal year ending September 30, 2010, 900,000  
11 acres.

12 (d) In the fiscal year ending September 30, 2011 and each  
13 fiscal year thereafter, 1,200,000 acres.

14 (2) TO CLAIM AN EXEMPTION UNDER SUBSECTION (1), A PROPERTY  
15 OWNER SHALL OBTAIN A FOREST MANAGEMENT PLAN FROM A QUALIFIED  
16 FORESTER AND SUBMIT THAT FOREST MANAGEMENT PLAN AND AN APPLICATION  
17 FOR EXEMPTION AS QUALIFIED FOREST PROPERTY TO A CONSERVATION  
18 DISTRICT ON A FORM CREATED BY THE DEPARTMENT. A FOREST MANAGEMENT  
19 PLAN IS NOT SUBJECT TO THE FREEDOM OF INFORMATION ACT, 1976 PA 442,  
20 MCL 15.231 TO 15.246. A CONSERVATION DISTRICT SHALL VERIFY  
21 IMPLEMENTATION OF THE FOREST MANAGEMENT WITH AN OWNER OF THAT  
22 PROPERTY AND SHALL REVIEW WITH THAT PROPERTY OWNER THE APPLICATION  
23 FOR EXEMPTION AS QUALIFIED FOREST PROPERTY UNDER THIS SECTION.  
24 VERIFICATION MAY INCLUDE AN ON-SITE REVIEW OR OFF-SITE  
25 COMMUNICATION AND REVIEW OF AERIAL IMAGERY. IF THE CONSERVATION  
26 DISTRICT VERIFIES IMPLEMENTATION OF THE FOREST MANAGEMENT PLAN AND  
27 THE PROPERTY'S ELIGIBILITY FOR EXEMPTION AS QUALIFIED FOREST

1 PROPERTY UNDER THIS SECTION, A DESIGNEE OF THE CONSERVATION  
 2 DISTRICT SHALL PROVIDE A SIGNED VERIFICATION FORM TO THE LANDOWNER,  
 3 WHICH FORM SHALL INCLUDE THE LEGAL DESCRIPTION OF THE PROPERTY  
 4 ELIGIBLE FOR EXEMPTION AS QUALIFIED FOREST PROPERTY.

5 (3) ~~(2)~~—To claim an exemption under subsection (1), the owner  
 6 of qualified forest property shall file an affidavit claiming the  
 7 exemption and ~~an approved forest management plan or a certificate~~  
 8 ~~provided by a third party certifying organization~~ **THE FORM PROVIDED**  
 9 **BY THE CONSERVATION DISTRICT UNDER SUBSECTION (2), VERIFYING THAT**  
 10 **THE PROPERTY MEETS THE QUALIFICATIONS OF THE PROGRAM,** with the  
 11 local tax collecting unit **AND THE DEPARTMENT** by December 31. **THE**  
 12 **OWNER OF QUALIFIED FOREST PROPERTY SHALL ALSO SUBMIT A FEE OF**  
 13 **\$200.00 TO THE DEPARTMENT.** An owner may claim an exemption under  
 14 this section for not more than ~~320~~**640** acres of qualified forest  
 15 property in each local tax collecting unit. If an exemption is  
 16 granted under this section for less than ~~320~~**640** acres in a local  
 17 tax collecting unit, an owner of that property may subsequently  
 18 claim an exemption for additional property in that local tax  
 19 collecting unit if that additional property meets the requirements  
 20 of this section.

21 (4) ~~(3)~~—The affidavit shall be on a form prescribed by the  
 22 department of treasury and shall require the person submitting the  
 23 affidavit to attest that the property for which the exemption is  
 24 claimed is qualified forest property and will be managed according  
 25 to the approved forest management plan.

26 (5) ~~(4)~~—~~The~~ **IF AN AFFIDAVIT AND FORM PROVIDED BY THE**  
 27 **CONSERVATION DISTRICT UNDER SUBSECTION (2) ARE PROVIDED BY THE**

1 ~~OWNER, THE~~ assessor shall determine if the property is qualified  
2 forest property based on a recommendation from the department of  
3 natural resources and confirmation that the acreage limitation set  
4 forth in subsection (1) has not been reached and if so shall exempt  
5 the property from the collection of the tax as provided in  
6 subsection (1) until December 31 of the year in which the property  
7 is no longer qualified forest property. **IF PROPERTY IS EXEMPT UNDER**  
8 **THIS SECTION, THE OWNER SHALL FILE A RECEIPT OF THAT EXEMPTION WITH**  
9 **THE REGISTER OF DEEDS OF THE COUNTY IN WHICH THE PROPERTY IS**  
10 **LOCATED ON A FORM PROVIDED BY THE DEPARTMENT. THE OWNER SHALL SEND**  
11 **A COPY OF THE RECORDED RECEIPT TO THE ASSESSOR OF THE LOCAL TAX**  
12 **COLLECTING UNIT IN WHICH THE PROPERTY IS LOCATED AND TO THE**  
13 **DEPARTMENT. PROPERTY ON WHICH A BUILDING FOR HUMAN RESIDENCE IS**  
14 **LOCATED, INCLUDING THE SEPTIC SYSTEM FOR A BUILDING FOR HUMAN**  
15 **RESIDENCE, IS NOT ELIGIBLE FOR AN EXEMPTION AS QUALIFIED FOREST**  
16 **PROPERTY UNDER THIS SECTION. IF A BUILDING OTHER THAN A BUILDING**  
17 **FOR HUMAN RESIDENCE IS LOCATED ON THAT PROPERTY, THE PROPERTY IS**  
18 **ELIGIBLE FOR THE EXEMPTION UNDER THIS SECTION AS QUALIFIED FOREST**  
19 **PROPERTY, BUT THE BUILDING OR OTHER STRUCTURE SHALL NOT BE INCLUDED**  
20 **IN THE EXEMPTION UNDER THIS SECTION.**

21 (6) ~~(5)~~ Not more than 90 days after all or a portion of the  
22 exempted property is no longer qualified forest property, the owner  
23 shall rescind the exemption for the applicable portion of the  
24 property by filing with the ~~local tax collecting unit~~ **REGISTER OF**  
25 **DEEDS FOR THE COUNTY IN WHICH THE EXEMPTED PROPERTY IS LOCATED** a  
26 rescission form prescribed by the department of treasury. **THE**  
27 **RESCISSION FORM SHALL INCLUDE A LEGAL DESCRIPTION OF THE EXEMPTED**

1 **PROPERTY.** An owner who fails to file a rescission as required by  
2 this subsection is subject to a penalty of \$5.00 per day for each  
3 separate failure beginning after the 90 days have elapsed, up to a  
4 maximum of \$1,000.00. This penalty shall be collected under 1941 PA  
5 122, MCL 205.1 to 205.31, and shall be deposited in the general  
6 fund of this state.

7 (7) ~~(6)~~—An owner of property that is qualified forest property  
8 on December 31 for which an exemption was not on the tax roll may  
9 file an appeal with the July or December board of review under  
10 section 53b in the year the exemption was claimed or the  
11 immediately succeeding year. An owner of property that is qualified  
12 forest property on May 1 for which an exemption was denied by the  
13 assessor in the year the affidavit was filed may file an appeal  
14 with the July board of review for summer taxes or, if there is not  
15 a summer levy of school operating taxes, with the December board of  
16 review 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 based on a recommendation from the~~  
20 ~~department of natural resources, the assessor may deny or modify an~~  
21 ~~existing exemption by notifying the owner in writing at the time~~  
22 ~~required for providing a notice under section 24c. A taxpayer may~~  
23 ~~appeal the assessor's determination to the board of review meeting~~  
24 ~~under section 30. A decision of the board of review may be appealed~~  
25 ~~to the residential and small claims division of the Michigan tax~~  
26 ~~tribunal.~~

27 (8) If property for which an exemption has been granted under

1 this section is not qualified forest property, the property that  
2 had been subject to that exemption shall be immediately placed on  
3 the tax roll by the local tax collecting unit if the local tax  
4 collecting unit has possession of the tax roll or by the county  
5 treasurer if the county has possession of the tax roll as though  
6 the exemption had not been granted. A corrected tax bill shall be  
7 issued for each tax year being adjusted by the local tax collecting  
8 unit if the local tax collecting unit has possession of the tax  
9 roll or by the county treasurer if the county has possession of the  
10 tax roll.

11 (9) If **ALL OR A PORTION OF** property for which an exemption has  
12 been granted under this section is converted by a change in use and  
13 is no longer qualified forest property, ~~the property is subject to~~  
14 ~~the qualified forest property recapture tax levied~~ **AN OWNER SHALL**  
15 **IMMEDIATELY NOTIFY THE LOCAL TAX COLLECTING UNIT, THE DEPARTMENT,**  
16 **AND THE DEPARTMENT OF TREASURY ON A FORM CREATED BY THE DEPARTMENT.**  
17 **THE FORM SHALL INCLUDE A LEGAL DESCRIPTION OF THE EXEMPTED**  
18 **PROPERTY. A COPY OF THE FORM SHALL BE FILED WITH THE REGISTER OF**  
19 **DEEDS FOR THE COUNTY IN WHICH THE EXEMPTED PROPERTY IS LOCATED.**  
20 **UPON NOTICE THAT PROPERTY IS NO LONGER QUALIFIED FOREST PROPERTY,**  
21 **THE LOCAL TAX COLLECTING UNIT SHALL IMMEDIATELY RESCIND THE**  
22 **EXEMPTION UNDER THIS SECTION AND SHALL PLACE THE PROPERTY ON THE**  
23 **TAX ROLL FOR THE IMMEDIATELY SUCCEEDING TAX YEAR AND THE DEPARTMENT**  
24 **OF TREASURY SHALL IMMEDIATELY BEGIN COLLECTION OF ANY APPLICABLE**  
25 **TAX AND PENALTY UNDER THIS ACT OR** under the qualified forest  
26 property recapture tax act, 2006 PA 379, MCL 211.1031 TO 211.1036.  
27 An owner of qualified forest property shall inform a prospective

1 buyer of that qualified forest property that the qualified forest  
2 property is subject to the recapture tax provided in the qualified  
3 forest property recapture tax act, **2006 PA 379, MCL 211.1031 TO**  
4 **211.1036**, if the qualified forest property is converted by a change  
5 in use.

6 (10) If qualified forest property is exempt under this  
7 section, an owner of that qualified forest property shall ~~annually~~  
8 report **EVERY 10 YEARS** to the ~~department of natural resources~~  
9 **CONSERVATION DISTRICT** on a form prescribed by the department ~~of~~  
10 ~~natural resources~~ the amount of timber produced on that qualified  
11 forest property and whether any buildings or structures have been  
12 constructed on the qualified forest property. **AN OWNER SHALL**  
13 **PROVIDE THE REPORT REQUIRED UNDER THIS SUBSECTION EVEN IF NO TIMBER**  
14 **HAS BEEN HARVESTED. A COPY OF THE REPORT SHALL BE RETAINED BY THE**  
15 **DEPARTMENT FOR 7 YEARS.** Beginning in 2008, and every 3 years  
16 thereafter, the department ~~of natural resources~~ shall provide to  
17 the standing committees of the senate and house of representatives  
18 with primary jurisdiction over forestry issues a report that  
19 includes all of the following:

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

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

24 (11) **WHILE QUALIFIED FOREST PROPERTY IS EXEMPT UNDER THIS**  
25 **SECTION, THE OWNER SHALL RETAIN THE CURRENT MANAGEMENT PLAN, MOST**  
26 **RECENT HARVEST RECORDS, RECORDED COPY OF A RECEIPT OF THE TAX**  
27 **EXEMPTION, AND A MAP THAT SHOWS THE LOCATION AND SIZE OF ANY**

1 BUILDINGS AND STRUCTURES ON THE PROPERTY, TOGETHER WITH A  
 2 DESCRIPTION OF ALL CHARACTERISTICS OF THOSE BUILDINGS OR STRUCTURES  
 3 AS DESCRIBED IN SUBSECTION (12) (B). THE OWNER SHALL MAKE THE  
 4 DOCUMENTS AVAILABLE TO THE DEPARTMENT UPON REQUEST.

5 (12) ~~(11)~~ As used in this section:

6 (a) "Approved forest management plan" means ~~1 of the~~  
 7 ~~following:~~

8 ~~—— (i) A forest management plan approved by the department of~~  
 9 ~~natural resources. DEVELOPED BY A QUALIFIED FORESTER.~~ An owner of  
 10 property ~~may~~ **SHALL** submit a ~~proposed~~ forest management plan to the  
 11 ~~department of natural resources~~ **CONSERVATION DISTRICT** for approval  
 12 **AS PRESCRIBED IN SUBSECTION (2)**. The ~~proposed~~ forest management  
 13 plan shall include a statement signed by the owner that he or she  
 14 agrees to comply with all terms and conditions contained in the  
 15 approved forest management plan. ~~The department of natural~~  
 16 ~~resources may charge a fee of not more than \$200.00 for the~~  
 17 ~~consideration of each proposed forest management plan submitted.~~  
 18 ~~The department of natural resources shall review and either approve~~  
 19 ~~or disapprove each proposed forest management plan submitted. IF A~~  
 20 **FOREST MANAGEMENT PLAN AND APPLICATION ARE SUBMITTED TO THE**  
 21 **CONSERVATION DISTRICT, THE CONSERVATION DISTRICT SHALL REVIEW AND**  
 22 **EITHER APPROVE OR DISAPPROVE THE OWNER'S APPLICATION WITHIN 30 DAYS**  
 23 **OF SUBMISSION.** If the ~~department of natural resources~~ **CONSERVATION**  
 24 **DISTRICT** disapproves a ~~proposed~~ forest management plan, the  
 25 ~~department of natural resources~~ **CONSERVATION DISTRICT** shall  
 26 indicate the changes necessary to qualify the ~~proposed~~ forest  
 27 management plan for approval on subsequent review. ~~At the request~~

1 ~~of the owner submitting a proposed forest management plan, the~~  
 2 ~~department of natural resources may agree to complete a proposed~~  
 3 ~~forest management plan. An owner and the department of natural~~  
 4 ~~resources may mutually agree to amend a proposed forest management~~  
 5 plan or an approved forest management plan. A forest management  
 6 plan submitted to the department ~~of natural resources~~ for approval  
 7 shall not extend beyond a period of 20 years. ~~An~~ **TO CONTINUE**  
 8 **RECEIVING AN EXEMPTION UNDER THIS SECTION, AN** owner of property ~~may~~  
 9 **SHALL** submit a succeeding proposed forest management plan to the  
 10 department ~~of natural resources~~ for approval.

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

13 (B) "BUILDING DEVELOPED FOR HUMAN RESIDENCE" MEANS ANY  
 14 BUILDING THAT MEETS 5 OR MORE OF THE FOLLOWING CHARACTERISTICS:

15 (i) IS 800 SQUARE FEET OR MORE IN TOTAL AREA USING EXTERIOR  
 16 DIMENSIONS OF LIVING SPACE INCLUDING EACH LEVEL, BUT EXCLUDING  
 17 PORCHES, DECKS, OR UNINSULATED SCREEN PORCHES.

18 (ii) HAS INDOOR PLUMBING, INCLUDING WATER AND SEWER PIPED TO  
 19 EITHER A MUNICIPAL OR SEPTIC SYSTEM.

20 (iii) HAS A FULL OR PARTIAL BASEMENT.

21 (iv) HAS ELECTRICAL SERVICE BY CONNECTION TO THE LINES OF A  
 22 POWER COMPANY.

23 (v) HAS CENTRAL HEATING OR COOLING, INCLUDING ELECTRIC, WOOD,  
 24 BIOFUEL, OR GAS FURNACE OR OTHER HEATER WITH A CIRCULATION SYSTEM.

25 (vi) IS INSULATED USING PRODUCTS DESIGNED FOR THAT PURPOSE.

26 (vii) HAS TELEPHONE SERVICE LINKED TO A LANDLINE.

27 (viii) HAS AN ATTACHED OR SEPARATE GARAGE, NOT INCLUDING

1 BUILDINGS FOR VEHICLES USED PRIMARILY FOR WORK OR RECREATION ON THE  
2 PROPERTY.

3 (C) "CONSERVATION DISTRICT" MEANS A CONSERVATION DISTRICT  
4 ORGANIZED UNDER PART 93 OF THE NATURAL RESOURCES AND ENVIRONMENTAL  
5 PROTECTION ACT, 1994 PA 451, MCL 324.9301 TO 324.9313.

6 (D) ~~(b)~~—"Converted by a change in use" means that term as  
7 defined in section 2 of the qualified forest property recapture tax  
8 act, 2006 PA 379, MCL 211.1032.

9 (E) "DEPARTMENT" MEANS THE DEPARTMENT OF AGRICULTURE AND RURAL  
10 DEVELOPMENT.

11 (F) "FOREST MANAGEMENT PLAN" MEANS A WRITTEN PLAN PREPARED AND  
12 SIGNED BY A QUALIFIED FORESTER THAT PRESCRIBES MEASURES TO OPTIMIZE  
13 PRODUCTION, UTILIZATION, AND REGENERATION OF FOREST RESOURCES. THE  
14 FOREST MANAGEMENT PLAN SHALL INCLUDE A SCHEDULE AND TIMETABLES FOR  
15 THE VARIOUS SILVICULTURAL PRACTICES USED ON FORESTLANDS. A FOREST  
16 MANAGEMENT PLAN SHALL INCLUDE ALL OF THE FOLLOWING:

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

18 (ii) THE LEGAL DESCRIPTION AND PARCEL IDENTIFICATION NUMBER OF  
19 THE PROPERTY OR OF THE PARCEL ON WHICH THE PROPERTY IS LOCATED.

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

21 (iv) A MAP, DIAGRAM, OR AERIAL PHOTOGRAPH THAT IDENTIFIES BOTH  
22 FORESTED AND UNFORESTED AREAS OF THE PROPERTY, USING CONVENTIONAL  
23 MAP SYMBOLS INDICATING THE SPECIES, SIZE, AND STOCKING RATE AND  
24 OTHER MAJOR FEATURES OF THE PROPERTY, INCLUDING THE LOCATION OF ANY  
25 BUILDINGS. THE LOCATION OF ANY BUILDINGS CAN BE ESTABLISHED ON A  
26 MAP CREATED BY A QUALIFIED FORESTER AND DOES NOT REQUIRE A SURVEY  
27 BY A REGISTERED SURVEYOR.

1 (v) A DESCRIPTION OF THE FORESTRY PRACTICES, INCLUDING  
2 HARVESTING, THINNING, AND REFORESTATION, THAT WILL BE UNDERTAKEN,  
3 SPECIFYING THE APPROXIMATE PERIOD OF TIME BEFORE EACH IS COMPLETED.

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

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

10 (G) ~~(e)~~ "Forest products" includes, but is not limited to,  
11 timber and pulpwood-related products.

12 (H) ~~(d)~~ "Natural resources professional" and "registered  
13 forester" mean those terms as defined in section 51101 of the  
14 natural resources and environmental protection act, 1994 PA 451,  
15 MCL 324.51101.

16 ~~—— (c) "Proposed forest management plan" means a proposed plan  
17 for sustainable forest management that includes, but is not limited  
18 to, harvesting, planting, and regeneration of forest products on a  
19 parcel of property that is prepared by a qualified forester. A  
20 proposed forest management plan shall include all of the following:~~

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

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

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

25 ~~—— (iv) A map, diagram, or aerial photograph that identified both  
26 forested and unforested areas of the property, using conventional  
27 map symbols indicating the species, size, and density of vegetation~~

1 ~~and other major features of the property.~~

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

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

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

12 (I) ~~(f)~~—"Qualified forest property" means a parcel of real  
 13 property that meets all of the following conditions as determined  
 14 by the department of ~~natural resources~~: **AGRICULTURE AND RURAL**

15 **DEVELOPMENT:**

16 (i) Is not less than ~~20~~ **10** contiguous acres in size, of which  
 17 not less than 80% is productive forest capable of producing wood  
 18 products. Contiguity is not broken by a road, a right-of-way, or  
 19 property purchased or taken under condemnation proceedings by a  
 20 public utility for power transmission lines if the 2 parcels  
 21 separated by the purchased or condemned property were a single  
 22 parcel prior to the sale or condemnation. As used in this  
 23 subparagraph, "productive forest" means real property capable of  
 24 growing not less than 20 cubic feet of wood per acre per year.  
 25 However, if property has been considered productive forest, an act  
 26 of God that negatively affects that property shall not result in  
 27 that property not being considered productive forest.

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

2 (ii) ~~(iii) Has no buildings or structures~~ **BUILDING DEVELOPED FOR**  
3 **HUMAN RESIDENCE** located on the real property.

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

5 (iv) **FOR A PARCEL EXEMPT AS QUALIFIED AGRICULTURAL PROPERTY**  
6 **UNDER SECTION 7EE, THE QUALIFIED FOREST PORTION OF THE PARCEL SHALL**  
7 **BE NOT LESS THAN 10 CONTIGUOUS ACRES OF WHICH NOT LESS THAN 50% IS**  
8 **PRODUCTIVE FOREST CAPABLE OF PRODUCING FOREST PRODUCTS.**

9 (J) ~~(g) "Qualified forester" means natural resources~~  
10 ~~professional, a registered forester, or a conservation district~~  
11 ~~forester.~~ **A FORESTER CERTIFIED BY THE SOCIETY OF AMERICAN FORESTERS,**  
12 **A FOREST STEWARDSHIP PLAN WRITER, OR A TECHNICAL SERVICE PROVIDER**  
13 **AS REGISTERED BY THE UNITED STATES DEPARTMENT OF AGRICULTURE FOR**  
14 **FOREST MANAGEMENT PLAN DEVELOPMENT.**

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

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

26 (2) Except as otherwise provided in subsection (3), for taxes  
27 levied in 1995 and for each year after 1995, the taxable value of

1 each parcel of property is the lesser of the following:

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

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

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

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

1 purposes of section 53b, an adjustment under this subsection shall  
2 be considered the correction of a clerical error.

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

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

21 (a) A conveyance by deed.

22 (b) A conveyance by land contract. The taxable value of  
23 property conveyed by a land contract executed after December 31,  
24 1994 shall be adjusted under subsection (3) for the calendar year  
25 following the year in which the contract is entered into and shall  
26 not be subsequently adjusted under subsection (3) when the deed  
27 conveying title to the property is recorded in the office of the

1 register of deeds in the county in which the property is located.

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

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

9 (e) A change in the sole present beneficiary or beneficiaries  
10 of a trust, except a change that adds or substitutes the spouse of  
11 the sole present beneficiary.

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

14 (g) A conveyance by lease if the total duration of the lease,  
15 including the initial term and all options for renewal, is more  
16 than 35 years or the lease grants the lessee a bargain purchase  
17 option. As used in this subdivision, "bargain purchase option"  
18 means the right to purchase the property at the termination of the  
19 lease for not more than 80% of the property's projected true cash  
20 value at the termination of the lease. After December 31, 1994, the  
21 taxable value of property conveyed by a lease with a total duration  
22 of more than 35 years or with a bargain purchase option shall be  
23 adjusted under subsection (3) for the calendar year following the  
24 year in which the lease is entered into. This subdivision does not  
25 apply to personal property except buildings described in section  
26 14(6) and personal property described in section 8(h), (i), and  
27 (j). This subdivision does not apply to that portion of the

1 property not subject to the leasehold interest conveyed.

2 (h) Except as otherwise provided in this subdivision, a  
3 conveyance of an ownership interest in a corporation, partnership,  
4 sole proprietorship, limited liability company, limited liability  
5 partnership, or other legal entity if the ownership interest  
6 conveyed is more than 50% of the corporation, partnership, sole  
7 proprietorship, limited liability company, limited liability  
8 partnership, or other legal entity. Unless notification is provided  
9 under subsection (10), the corporation, partnership, sole  
10 proprietorship, limited liability company, limited liability  
11 partnership, or other legal entity shall notify the assessing  
12 officer on a form provided by the state tax commission not more  
13 than 45 days after a conveyance of an ownership interest that  
14 constitutes a transfer of ownership under this subdivision. Both of  
15 the following apply to a corporation subject to 1897 PA 230, MCL  
16 455.1 to 455.24:

17 (i) A transfer of stock of the corporation is a transfer of  
18 ownership only with respect to the real property that is assessed  
19 to the transferor lessee stockholder.

20 (ii) A cumulative conveyance of more than 50% of the  
21 corporation's stock does not constitute a transfer of ownership of  
22 the corporation's real property.

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

26 (j) A conveyance of an ownership interest in a cooperative  
27 housing corporation, except that portion of the property not

1 subject to the ownership interest conveyed.

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

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

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

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

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

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

24 (f) A conveyance to a trust if the settlor or the settlor's  
25 spouse, or both, conveys the property to the trust and the sole  
26 present beneficiary of the trust is the settlor or the settlor's  
27 spouse, or both.

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

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

16 (i) A transfer for security or an assignment or discharge of a  
17 security interest.

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

26 (k) Normal public trading of shares of stock or other  
27 ownership interests that, over any period of time, cumulatively

1 represent more than 50% of the total ownership interest in a  
2 corporation or other legal entity and are traded in multiple  
3 transactions involving unrelated individuals, institutions, or  
4 other legal entities.

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

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

24 (n) A transfer of qualified agricultural property, if the  
25 person to whom the qualified agricultural property is transferred  
26 files an affidavit with the assessor of the local tax collecting  
27 unit in which the qualified agricultural property is located and

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

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

16 (ii) The property is subject to the recapture tax provided for  
17 under the agricultural property recapture act, 2000 PA 261, MCL  
18 211.1001 to 211.1007.

19 (o) A transfer of qualified forest property, if the person to  
20 whom the qualified forest property is transferred files an  
21 affidavit with the assessor of the local tax collecting unit in  
22 which the qualified forest property is located and with the  
23 register of deeds for the county in which the qualified forest  
24 property is located attesting that the qualified forest property  
25 shall remain qualified forest property. The affidavit under this  
26 subdivision shall be in a form prescribed by the department of  
27 ~~treasury.~~ **AGRICULTURE AND RURAL DEVELOPMENT. THE AFFIDAVIT SHALL**

1 INCLUDE A LEGAL DESCRIPTION OF THE QUALIFIED FOREST PROPERTY. ONE  
2 COPY OF THE AFFIDAVIT SHALL BE RETAINED BY THE LOCAL TAX COLLECTING  
3 UNIT, 1 COPY SHALL BE FORWARDED TO THE CONSERVATION DISTRICT, 1  
4 COPY SHALL BE FORWARDED TO THE DEPARTMENT OF TREASURY, AND 1 COPY  
5 SHALL BE FORWARDED TO THE DEPARTMENT OF AGRICULTURE AND RURAL  
6 DEVELOPMENT. An owner of qualified forest property shall inform a  
7 prospective buyer of that qualified forest property that the  
8 qualified forest property is subject to the recapture tax provided  
9 in the qualified forest property recapture tax act, 2006 PA 379,  
10 MCL 211.1031 to 211.1036, if the qualified forest property is  
11 converted by a change in use. If property ceases to be qualified  
12 forest property at any time after being transferred, all of the  
13 following shall occur:

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

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

20 (p) Beginning on the effective date of the amendatory act that  
21 added this subdivision, a transfer of land, but not buildings or  
22 structures located on the land, which meets 1 or more of the  
23 following requirements:

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

1 defined in section 2140 of the natural resources and environmental  
2 protection act, 1994 PA 451, MCL 324.2140.

3 (ii) A transfer of ownership of the land or a transfer of an  
4 interest in the land is eligible for a deduction as a qualified  
5 conservation contribution under section 170(h) of the internal  
6 revenue code, 26 USC 170.

7 (q) A transfer of real property or other ownership interests  
8 resulting from a consolidation or merger of a domestic nonprofit  
9 corporation that is a boy or girl scout or camp fire girls  
10 organization, a 4-H club or foundation, a young men's Christian  
11 association, or a young women's Christian association and at least  
12 50% of the members of that organization or association are  
13 residents of this state.

14 (r) A change to the assessment roll or tax roll resulting from  
15 the application of section 16a of 1897 PA 230, MCL 455.16a.

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

25 (a) The qualified agricultural property was qualified  
26 agricultural property for taxes levied in 1999 and each year after  
27 1999.

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

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

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

1 property described in section 8(h), (i), and (j).

2 (11) As used in this section:

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

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

7 (c) "Converted by a change in use" means that term as defined  
8 in the agricultural property recapture act, 2000 PA 261, MCL  
9 211.1001 to 211.1007.

10 (d) "Inflation rate" means that term as defined in section  
11 34d.

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

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

15 (g) "Qualified forest property" means that term as defined in  
16 section 7jj[1].