

THE GENERAL PROPERTY TAX ACT (EXCERPT)
Act 206 of 1893

211.7jj[1] Qualified forest property; exemption; limitation; forest management plan; maintenance and availability of list of qualified foresters; application; review of forest management plan, application, and supporting documents by department; school tax affidavit; denial; appeal; claiming exemption; collection of fee by local tax collecting unit; rescission of exemption; filing appeal; placement on tax roll; corrected tax bill; notification of change in use of property; subject to recapture tax; report; retention of documents; disclosure of information; exemption from tax levied by local school district for school operating purposes; definitions.

Sec. 7jj. (1) Except as otherwise limited in this subsection, 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. Buildings, structures, or land improvements located on qualified forest property are not eligible for the exemption under 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 acres.

(d) In the fiscal year ending September 30, 2011 and each fiscal year thereafter, 1,200,000 acres. Beginning in the fiscal year ending September 30, 2013 and each fiscal year thereafter, real property eligible for exemption under this section as qualified forest property as a result of the withdrawal of 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, as provided in section 51108(5) of the natural resources and environmental protection act, 1994 PA 451, MCL 324.51108, or as a result of the property's eligibility for exempt status under this section as provided for in section 8(2) of the transitional qualified forest property specific tax act, shall not be credited against the 1,200,000 acres of property that are eligible for exemption as qualified forest property under this section.

(2) If a property owner is interested in obtaining an exemption for qualified forest property under this section, the property owner may contact the local conservation district or the department, and the local conservation district or the department shall advise the property owner on the exemption process. If requested by the property owner, the local conservation district or the department shall provide the property owner with a list of qualified foresters to prepare a forest management plan. The department shall maintain a list of qualified foresters throughout the state and shall make the list available to the conservation districts and to interested property owners. To claim an exemption under subsection (1), a property owner shall obtain a forest management plan from a qualified forester and submit a digital copy of that forest management plan, an application for exemption as qualified forest property, and a fee of \$50.00 to the department on a form created by the department by September 1 prior to the tax year in which the exemption is requested. Before submitting the application to the department, the property owner is encouraged to consult with the local conservation district to review the obligations of the qualified forest program and the obligations of the property owner's forest management plan. A forest management plan is not subject to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. The department shall forward a copy of the application to the local conservation district for review and to the local tax collecting unit for notification of the application.

(3) A conservation district shall review the application to determine if the applied-for property meets the minimum requirements set forth in subsection (17)(k) for enrolling into the qualified forest program. A conservation district shall respond within 45 days of the date of its receipt of the application indicating whether the property in the application is eligible for enrollment. If the conservation district does not respond within 45 days of its receipt of the application, the property shall be considered eligible for the exemption under this section.

(4) The department shall review the application, comments from the conservation district, and the forest management plan to determine if the property is eligible for the exemption under this section. The department shall review the forest management plan to determine if the elements required in subsection (17)(f) 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 section, the department shall approve the application and shall prepare a qualified forest school tax 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 for which the exemption is claimed is qualified forest property and will be managed according to the approved forest management plan.

(5) The department shall send a qualified forest school tax affidavit prepared under subsection (4) to the property owner for execution. The 90-day review period by the department may be extended upon request of the property owner. The property owner shall execute the qualified forest school tax affidavit and shall have the executed qualified forest school tax affidavit recorded by the register of deeds in the county in which the property is located. The property owner shall provide a copy of the qualified forest school tax affidavit to the department. The department shall provide 1 copy of the qualified forest school tax affidavit to the conservation district and 1 copy to the department of treasury. These copies may be sent electronically.

(6) 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.

(7) To claim an exemption under subsection (1), the owner of qualified forest property shall provide a copy of the recorded qualified forest school tax affidavit attesting that the land is qualified forest property to the local tax collecting unit and assessor by December 31. An owner may claim an exemption under this section for not more than 640 acres maximum or the equivalent of 16 survey units consisting of 1/4 of 1/4 of a section of qualified forest property in each local tax collecting unit. If an exemption is granted under this section for less than 640 acres in a local tax collecting unit, an owner of that property may subsequently claim an exemption for additional property in that local tax collecting unit if that additional property meets the requirements of this section.

(8) If a copy of the recorded qualified forest school tax affidavit is provided to the assessor by the owner, the assessor shall exempt 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.

(9) Beginning in the year that qualified forest property is first exempt under this section and each year thereafter, the local tax collecting unit shall collect a fee on each parcel of qualified forest property exempt under this section located in that local tax collecting unit. The fee shall be determined by multiplying 2 mills by the taxable value of that qualified forest property. The fee shall be collected at the same time and in the same manner as taxes collected under this act. Each local tax collecting unit shall disburse the fee collected under this subsection to the department of treasury for deposit in the private forestland enhancement fund created in section 51305 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.51305. If property is no longer exempt as qualified forest property under this section, the fee under this subsection shall not be collected on that property. The fee collected in this subsection shall be subject to the property tax administration fee established by the local tax collecting unit under section 44.

(10) 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 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 exempted 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.

(11) 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.

(12) If property for which an exemption has been granted under this section is not qualified forest property, the department shall notify the local tax collecting unit and the property that had been subject to that exemption 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.

(13) If all or a portion of property for which an exemption has been granted under this section is converted by a change in use and is no longer qualified forest property, an owner shall immediately notify the local tax collecting unit, the assessor, the department, and the department of treasury on a form created by the department. The form shall include a legal description of the exempted property. A copy of the form shall be filed with the register of deeds for the county in which the exempted property is located. Upon notice that property is no longer qualified forest property, the local tax collecting unit and assessor shall immediately rescind the exemption under this section and shall place the property on the tax roll as though the exemption under this section 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 this act or under the qualified forest property recapture tax act, 2006 PA 379, MCL 211.1031 to 211.1036. However, beginning June 1, 2013 and ending November 30, 2013, owners of property exempt as qualified forest property prior to January 1, 2013 may execute a new qualified forest school tax affidavit under this section. If an owner of property exempt as qualified forest property elects to execute a new qualified forest school tax affidavit under this section, that owner is not required to pay the \$50.00 fee required under subsection (2). If an owner of qualified forest property elects not to execute a new qualified forest school tax affidavit under this section, the existing affidavit shall be rescinded without penalty and the property shall be placed on the tax roll as though the exemption under this section had not been granted. If a property owner elects not to execute a qualified forest school tax affidavit under this section, the property is not subject to the recapture tax provided for under the qualified forest property recapture tax act, 2006 PA 379, MCL 211.1031 to 211.1036.

(14) If qualified forest property is exempt under this section, an owner of that 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 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 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, 2013 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 qualified forest property in each county.

(b) The number of acres of agricultural use property that is combined with productive forest under subsection (17)(k)(iii).

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

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

(15) While qualified forest property is exempt under this section, the owner 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 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 eligible for the exemption under this section, the department shall notify the local tax collecting unit that the property is not eligible for the exemption under this section, and the property shall be placed on the tax roll as though the exemption under this section 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 15.246.

(16) Notwithstanding any provision in this section to the contrary, property is exempt from the tax levied by a local school district for school operating purposes as provided in subsection (1) if all of the following conditions are met:

(a) The property was subject to the transitional qualified forest property specific tax under the transitional qualified forest property specific tax act for a period of 5 years as determined by the department under section

8 of the transitional qualified forest property specific tax act.

(b) Pursuant to section 8 of the transitional qualified forest property specific tax act, the department has determined that the property is still eligible for the exemption under this section.

(c) The property owner, with the department's assistance, executes a recordable qualified forest school tax affidavit, has the executed qualified forest school tax affidavit recorded by the register of deeds in the county in which the property is located, and provides copies of the executed qualified forest school tax affidavit to other interested parties as required by the department.

(17) As used in this section:

(a) "Agricultural use property" means real property devoted primarily to agricultural use as that term is defined in section 36101 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.36101.

(b) "Approved forest management plan" means a forest management plan developed by a qualified forester. An owner of property shall submit a forest management plan to the department for approval as prescribed in subsection (2). The forest management plan shall include a statement signed by the owner that he or she agrees to comply with all terms and conditions contained in the approved forest management plan. If a forest management plan and application are submitted to the department, the department shall review and either approve or disapprove the owner's application within 90 days of submission. Approval of the plan shall be based solely on compliance with the elements required in subdivision (f). Denial of the plan shall be based solely on noncompliance with the requirements listed in subdivision (f). If the department disapproves a forest management plan, the department shall indicate the changes necessary to qualify the forest management plan for approval on subsequent review. An owner may submit amendments to his or her forestry plan to the department. The department may reject amendments that delay a harvest date repeatedly or indefinitely. A forest management plan submitted for approval shall be for a maximum of 20 years. To continue receiving an exemption under this section, an owner of property shall submit a digital copy of any succeeding proposed forest management plan to the department for approval together with a fee of \$50.00. The first amendment to the plan shall not be subject to a fee. Additional amendments may be subject to a fee of \$50.00.

(c) "Conservation district" means a conservation district organized under part 93 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.9301 to 324.9313.

(d) "Converted by a change in use" means both of the following:

(i) That term as defined in section 2 of the qualified forest property recapture tax act, 2006 PA 379, MCL 211.1032.

(ii) That due to a change in use of either productive forest property or agricultural use property, the property is no longer eligible for exemption as qualified forest property under subdivision (k)(iii).

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

(f) "Forest management plan" means a written plan prepared and signed by a qualified forester that prescribes measures to optimize production, utilization, and regeneration of forest resources. The forest management plan shall include a schedule and timetables for the various silvicultural practices used on forestlands, which shall be a maximum of 20 years in length. A forest management plan shall include all of the following:

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

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

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

(iv) A map, diagram, or aerial photograph that identifies both forested and unforested areas of the property, using conventional map symbols indicating the species, size, and stocking rate and other major features of the property, including the location of any buildings. The location and use of any buildings can be established on a map created by a qualified forester and does not require a survey by a registered surveyor.

(v) A description of forest practice, including harvesting, thinning, and reforestation, that will be undertaken, specifying the approximate period of time before each is completed.

(vi) A description of soil conservation practices that may be necessary to control any soil erosion that may result from the forest practice described pursuant to subparagraph (v).

(vii) A description of activities that may be undertaken for the management of forest resources other than trees, including wildlife habitat, watersheds, and aesthetic features.

(g) "Forest practice" means any action intended to improve forestland or forest resources and includes, but is not limited to, any of the following:

(i) The improvement of species of forest trees.

(ii) Reforestation.

(iii) The harvesting of species of forest trees.

(iv) Road construction associated with the improvement or harvesting of forest tree species or reforestation.

(v) Use of chemicals or fertilizers for the purpose of growing or managing species of forest trees.

(vi) Applicable silvicultural practices.

(h) "Forest products" includes, but is not limited to, timber and pulpwood-related products.

(i) "Harvest" means the point at which timber that has been cut, severed, or removed for purposes of sale or use is first measured in the ordinary course of business as determined by reference to common practice in the timber industry.

(j) "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.

(k) "Qualified forest property" means a parcel of real property that meets all of the following conditions as determined by the department of agriculture and rural development:

(i) Is not less than 20 contiguous acres in size. For parcels less than 40 acres, not less than 80% shall be stocked with productive forest capable of producing forest products. For parcels 40 acres or more, not less than 50% shall be stocked with productive forest capable of producing forest 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.

(ii) Is subject to an approved forest management plan.

(iii) If a parcel contains both productive forest and agricultural use property, an owner may apply for a designation as qualified forest property if the combined acreage of the productive forest and the agricultural use property meets all of the following requirements:

(A) The parcel is not less than 20 contiguous acres. If a parcel is less than 40 acres, not less than 80% shall be the combined productive forest and agricultural use property. If the parcel is 40 acres or more, not less than 50% shall be the combined productive forest and agricultural use property.

(B) The acreage of agricultural use property on the parcel shall be determined by the assessor in the local tax collecting unit in which the parcel is located. The property owner shall request the determination. The assessor shall report the acreage of the agricultural use property in a form prescribed by the state tax commission to the property owner and the department within 30 days of the date of the request for the determination. An owner that disagrees with an assessor's determination of the acreage of agricultural use property on the parcel may appeal that determination to the board of review under section 53b. If the property owner converts all or part of the agricultural use property to forest property by planting trees or other means, the property owner shall notify the department and the assessor of the conversion and the forest management plan shall be modified to reflect the change in use.

(l) "Qualified forester" means an individual who meets 1 or more of the following requirements and has registered with the department of agriculture and rural development under section 51306 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.51306:

(i) Is a forester certified by the Society of American Foresters.

(ii) Is a forest stewardship plan writer.

(iii) Is a technical service provider as registered by the United States Department of Agriculture for forest management plan development.

(iv) Is a registered forester.

(m) "Registered forester" means a person registered under article 21 of the occupational code, 1980 PA 299, MCL 339.2101 to 339.2108.

History: Add. 2006, Act 378, Imd. Eff. Sept. 27, 2006;—Am. 2013, Act 42, Imd. Eff. June 6, 2013;—Am. 2015, Act 107, Imd. Eff. June 30, 2015;—Am. 2016, Act 261, Imd. Eff. June 28, 2016.

Compiler's note: This added section is compiled at MCL 211.7jj[1] to distinguish it from another Sec. 7jj deriving from 2006 PA 326.

Popular name: Act 206