

**SUBSTITUTE FOR  
SENATE BILL NO. 913**

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

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

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

3           Sec. 2. As used in this act:

4           (a) "Benefit period" means the period in years between the  
5 date of the first exempt transfer and the conversion by a change in

1 use, not to exceed the 10 years immediately preceding the year in  
2 which the qualified forest property is converted by a change in  
3 use.

4 (b) "Benefit received on that property" means the sum of the  
5 number of mills levied in the local tax collecting unit on the  
6 qualified forest property in each year of the benefit period,  
7 multiplied by the difference in each year of the benefit period  
8 between the true cash taxable value of the property and the  
9 property's taxable value as determined under section 27a of the  
10 general property tax act, 1893 PA 206, MCL 211.27a.

11 (c) "Converted by a change in use" means that due to a change  
12 in use the property is no longer qualified forest property as  
13 determined by the assessor of the local tax collecting unit based  
14 on a recommendation from the department of natural resources.

15 (d) "Exempt transfer" means a conveyance of property that is  
16 not a transfer of ownership pursuant to section 27a(7)(o) of the  
17 general property tax act, 1893 PA 206, MCL 211.27a.

18 (e) "Forest products" means that term as defined in section  
19 7jj of the general property tax act, 1893 PA 206, MCL 211.7jj.

20 (f) "Person" means an individual, partnership, corporation,  
21 limited liability company, association, governmental entity, or  
22 other legal entity.

23 (g) "Qualified forest property" means that term as defined in  
24 section 7jj of the general property tax act, 1893 PA 206, MCL  
25 211.7jj.

26 (h) "Recapture tax" means the qualified forest property  
27 recapture tax imposed under this act.

1 (i) "Treasurer" means the state treasurer.

2 (j) "True cash taxable value" means the taxable value the  
3 property would have had if section 27a(7)(o) of the general  
4 property tax act, 1893 PA 206, MCL 211.27a, were not in effect.

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

9 (2) The recapture tax is the obligation of the person who  
10 owned the property at the time the property was converted by a  
11 change in use. If a recapture tax is imposed on the owner of the  
12 property under this subsection, the recapture tax is a lien on the  
13 property subject to the recapture tax until paid. If the recapture  
14 tax is not paid within 90 days of the date the property was  
15 converted by a change in use, the treasurer may bring a civil  
16 action against the owner of the property as of the date the  
17 property was converted by a change in use. If the recapture tax  
18 remains unpaid on the March 1 in the year immediately succeeding  
19 the year in which the property is converted by a change in use, the  
20 property on which the recapture tax is due shall be returned as  
21 delinquent to the county treasurer of the county in which the  
22 property is located. Property returned as delinquent under this  
23 section, and upon which the recapture tax, interest, penalties, and  
24 fees remain unpaid after the property is returned as delinquent to  
25 the county treasurer, is subject to forfeiture, foreclosure, and  
26 sale for the enforcement and collection of the delinquent taxes as  
27 provided in sections 78 to 79a of the general property tax act,

1 1893 PA 206, MCL 211.78 to 211.79a.

2 Sec. 4. The recapture tax under this act shall be imposed at  
3 the following rate:

4 (a) If the property is converted by a change in use and there  
5 have not been 1 or more harvests of forest products on that  
6 property consistent with the approved forest management plan, the  
7 recapture tax shall be calculated in the following manner:

8 (i) Multiply the property's state equalized valuation at the  
9 time the property is converted by a change in use by the total  
10 millage rate levied by all taxing units in the local tax collecting  
11 unit in which the property is located.

12 (ii) Multiply the product of the calculation under subparagraph  
13 (i) by 7.

14 (iii) Multiply the product of the calculation under subparagraph  
15 (ii) by 2.

16 (b) If the property is converted by a change in use and there  
17 have been 1 or more harvests of forest products on that property  
18 consistent with the approved forest management plan, the recapture  
19 tax shall be calculated in the following manner:

20 (i) Multiply the property's state equalized valuation at the  
21 time the property is converted by a change in use by the total  
22 millage rate levied by all taxing units in the local tax collecting  
23 unit in which the property is located.

24 (ii) Multiply the product of the calculation under subparagraph  
25 (i) by 7.

26 (c) In addition to the recapture tax calculated under  
27 subdivision (a) or (b), if property is converted by a change in use

1 and the taxable value of the property was not adjusted under  
2 section 27a(3) of the general property tax act, 1893 PA 206, MCL  
3 211.27a, after a transfer of ownership of the property due to the  
4 provisions of section 27a(7)(o) of the general property tax act,  
5 1893 PA 206, MCL 211.27a, the recapture tax shall include the  
6 benefit received on that property.

7       Sec. 5. (1) The recapture tax shall be collected by the  
8 treasurer.

9       (2) The assessor of the local tax collecting unit shall notify  
10 the treasurer of the date the property is converted by a change in  
11 use.

12       (3) The treasurer shall credit the proceeds of the recapture  
13 tax collected under this act to the general fund of this state.

14       Sec. 6. This act shall be administered by the department of  
15 treasury under 1941 PA 122, MCL 205.1 to 205.31.

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

19       (a) Senate Bill No. 912.

20       (b) Senate Bill No. 914.