

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 653

A bill to amend 1994 PA 451, entitled  
"Natural resources and environmental protection act,"  
by amending section 51108 (MCL 324.51108), as amended by 2014 PA  
146.

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

1           Sec. 51108. (1) An owner of a commercial forest may withdraw  
2 his or her forestland, in whole or in part, from the classification  
3 as commercial forest under this part upon application to the  
4 department and payment of the withdrawal application fee and  
5 penalty, as provided in this section.

6           (2) Except as otherwise provided by this section, upon  
7 application to the department to withdraw forestland from the  
8 classification as commercial forest under this part, the applicant  
9 shall forward to the department a withdrawal application fee in the

1 amount of \$1.00 per acre with a minimum withdrawal application fee  
2 of \$200.00 per application and a maximum withdrawal application fee  
3 of \$1,000.00 per application.

4 (3) Except as otherwise provided in this section, an  
5 application to withdraw forestland from the classification as  
6 commercial forest under this part shall be granted upon the payment  
7 of a penalty to the treasurer of the township in which the  
8 forestland is located. The withdrawal penalty shall be calculated  
9 in the following manner:

10 (a) Multiply the number of acres of forestland withdrawn from  
11 the classification as commercial forest under this part by 1 of the  
12 following:

13 (i) For 2007, 1/2 of the valuation per acre for the county in  
14 which the forestland is located.

15 (ii) Beginning in 2008, and for each subsequent year, the  
16 number described in subparagraph (i) adjusted annually by the  
17 inflation rate for each year after 2007.

18 (b) Multiply the product of the calculation in subdivision (a)  
19 by the average millage rate levied by all townships, excluding  
20 villages, in the county in which the forestland is located.

21 (c) Multiply the product of the calculation in subdivision (b)  
22 by the number of years, to a maximum of 7 years, in which the  
23 forestland withdrawn from the classification as commercial forest  
24 under this part has been classified as commercial forest under this  
25 part.

26 (d) Multiply the product of the calculation in subdivision (c)  
27 by the following:

1 (i) 0.2, if the forestland is located in Luce ~~county~~.**COUNTY**.

2 (ii) 0.3, if the forestland is located in Grand Traverse,  
3 Manistee, Ottawa, or Wexford ~~county~~.**COUNTY**.

4 (iii) 0.4, if the forestland is located in Charlevoix,  
5 Chippewa, Emmet, Gladwin, Leelanau, Midland, Oscoda, or Tuscola  
6 ~~county~~.**COUNTY**.

7 (iv) 0.5, if the forestland is located in Cheboygan, Delta,  
8 Mackinac, Oceana, Otsego, or Schoolcraft ~~county~~.**COUNTY**.

9 (v) 0.6, if the forestland is located in Alcona, Alger,  
10 Allegan, Alpena, Arenac, Barry, Bay, Benzie, Berrien, Branch,  
11 Calhoun, Cass, Clare, Clinton, Crawford, Dickinson, Eaton, Genesee,  
12 Gogebic, Gratiot, Hillsdale, Houghton, Huron, Ingham, Ionia, Iosco,  
13 Iron, Isabella, Jackson, Kalamazoo, Kalkaska, Kent, Lapeer,  
14 Lenawee, Livingston, Macomb, Marquette, Mecosta, Monroe, Montcalm,  
15 Montmorency, Muskegon, Newaygo, Oakland, Ogemaw, Osceola, Presque  
16 Isle, Roscommon, Saginaw, St. Clair, St. Joseph, Sanilac,  
17 Shiawassee, Van Buren, Washtenaw, or Wayne ~~county~~.**COUNTY**.

18 (vi) 0.7, if the forestland is located in Antrim, Baraga,  
19 Mason, or Menominee ~~county~~.**COUNTY**.

20 (vii) 0.8, if the forestland is located in Keweenaw, Lake,  
21 Missaukee, or Ontonagon ~~county~~.**COUNTY**.

22 (4) The department shall publish all of the following on its  
23 website:

24 (a) The calculation described in subsection (3)(a)(i) for each  
25 county.

26 (b) The adjusted value and the inflation rate described in  
27 subsection (3)(a)(ii) for each county.

1 (c) The average millage rate described in subsection (3)(b)  
2 for each county.

3 (5) Until September 1, 2015, ~~2021~~, the owner of forestland  
4 ~~that is withdrawn from the classification as commercial forest~~  
5 ~~under this part is not subject to a withdrawal penalty if all of~~  
6 ~~the following occur:~~ **LOCATED WITHIN A TOWNSHIP AND CLASSIFIED AS**  
7 **COMMERCIAL FOREST UNDER THIS PART NOT LATER THAN SEPTEMBER 1, 2016**  
8 **MAY WITHDRAW NOT MORE THAN 160 ACRES OF THAT FORESTLAND WITHOUT A**  
9 **WITHDRAWAL PENALTY, SUBJECT TO THE FOLLOWING:**

10 ~~—— (a) The owner of the forestland withdraws his or her~~  
11 ~~forestland from the classification as commercial forest under this~~  
12 ~~part as provided in this section.~~

13 ~~—— (b) The former commercial forestland is placed on the~~  
14 ~~assessment roll in the local tax collecting unit in which the~~  
15 ~~former commercial forestland is located.~~

16 ~~—— (c) The owner of the former commercial forestland claims and~~  
17 ~~is granted an exemption for that land from the tax levied by a~~  
18 ~~local school district for school operating purposes under section~~  
19 ~~7jj of the general property tax act, 1893 PA 206, MCL 211.7jj[1].~~  
20 ~~The owner shall submit to the department a copy of the recorded~~  
21 ~~qualified forest school tax affidavit by December 31 of the year in~~  
22 ~~which the land is withdrawn from this part.~~

23 **(A) THE OWNER OF THE FORMER COMMERCIAL FORESTLAND MUST HAVE**  
24 **CONTINUOUSLY OWNED THAT FORMER COMMERCIAL FORESTLAND SINCE NOT**  
25 **LATER THAN SEPTEMBER 1, 2016.**

26 **(B) THE FORMER COMMERCIAL FORESTLAND SHALL BE MADE SUBJECT TO**  
27 **THE TRANSITIONAL QUALIFIED FOREST PROPERTY SPECIFIC TAX ACT, AS**

1 TRANSITIONAL QUALIFIED FOREST PROPERTY UNDER THAT ACT, AS A RESULT  
2 OF ALL OF THE FOLLOWING:

3 (i) THE OWNER OF THE FORESTLAND WITHDRAWS HIS OR HER  
4 FORESTLAND FROM THE CLASSIFICATION AS COMMERCIAL FOREST UNDER THIS  
5 PART AS PROVIDED IN THIS SECTION.

6 (ii) THE FORMER COMMERCIAL FORESTLAND IS EXEMPT FROM THE  
7 COLLECTION OF GENERAL AD VALOREM PROPERTY TAXES UNDER SECTION 7VV  
8 OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.7VV.

9 (iii) THE OWNER OF THE FORMER COMMERCIAL FORESTLAND SUBMITS,  
10 AND OBTAINS APPROVAL OF, AN APPLICATION FOR A DETERMINATION THAT  
11 THE FORESTLAND IS TRANSITIONAL QUALIFIED FOREST PROPERTY UNDER THE  
12 TRANSITIONAL QUALIFIED FOREST PROPERTY SPECIFIC TAX ACT. THE OWNER  
13 SHALL SUBMIT TO THE DEPARTMENT A COPY OF THE EXECUTED TRANSITIONAL  
14 QUALIFIED FOREST PROPERTY AFFIDAVIT BY NOVEMBER 1 OF THE YEAR IN  
15 WHICH THE LAND IS WITHDRAWN FROM THIS PART.

16 (C) ANY OF THE OWNER'S REMAINING FORESTLAND WITHIN THAT  
17 TOWNSHIP THAT PREVIOUSLY QUALIFIED AS COMMERCIAL FOREST UNDER THIS  
18 PART MUST CONTINUE TO QUALIFY AS COMMERCIAL FOREST UNDER THIS PART  
19 OR, SUBJECT TO THE PENALTY PROVIDED UNDER SUBSECTION (3), MUST BE  
20 WITHDRAWN UNDER THIS PART.

21 (6) An application to withdraw forestland from the  
22 classification as commercial forest under this part that meets 1 or  
23 more of the following requirements shall be granted without payment  
24 of the withdrawal application fee or penalty under this section:

25 (a) Forestland that has been donated to a public body for  
26 public use prior to withdrawal.

27 (b) Forestland that has been exchanged for property belonging

1 to a public body if the property received is classified as a  
2 commercial forest as determined by the department.

3 (c) Forestland that has been condemned for public use.

4 (7) An application to withdraw forestland from the  
5 classification as commercial forest under this part that meets all  
6 of the following requirements shall be granted without payment of  
7 the withdrawal application fee or penalty under this section:

8 (a) Evidence is submitted to the department that the land met  
9 the legal requirements to be exempt from ad valorem property tax on  
10 tax day for the tax year in which the list application was  
11 submitted and approved and that the land would have met the legal  
12 requirements to be exempt from ad valorem property tax on tax day  
13 for each year that the land was classified as commercial forest  
14 under this part, if the land had not been classified as commercial  
15 forest under this part. As used in this subdivision, "tax day"  
16 means that term as provided in section 2 of the general property  
17 tax act, 1893 PA 206, MCL 211.2.

18 (b) The application is submitted to the department by the same  
19 landowner that owned the land on tax day for the tax year in which  
20 the application was submitted and that submitted the application  
21 for determination under section 51103.

22 (c) The landowner reimburses the state treasurer for the  
23 specific tax that was paid by the state treasurer to the county  
24 treasurer, as provided in section 51106(1), for each tax year the  
25 land was classified as commercial forest under this part.

26 (8) The department may withdraw forestland from the  
27 classification as commercial forest under this part if the

1 forestland has been acquired by a federally recognized Indian tribe  
2 and the associated property taxes are subsequently preempted under  
3 federal law. A withdrawal under this subsection is not subject to  
4 the withdrawal application fee or penalty under this section.

5 (9) The department shall remit the withdrawal application fee  
6 paid pursuant to subsection (2) to the state treasurer for deposit  
7 into the fund. The penalty received by the township treasurer under  
8 subsection (3) shall be distributed by the township treasurer in  
9 the same proportions to the various funds as the ad valorem general  
10 property tax is allocated in the township, except as provided by  
11 section 51109(2).

12 (10) If an application to withdraw forestland from  
13 classification as commercial forest under this part is granted, the  
14 department shall immediately notify the applicant, the ~~supervisor~~  
15 **ASSESSOR** of the township, and the register of deeds of the county  
16 in which the lands are located of the action and shall file with  
17 those officials a list of the lands withdrawn.

18 **(11) NOT LATER THAN 30 DAYS AFTER THE EFFECTIVE DATE OF THE**  
19 **AMENDATORY ACT THAT ADDED THIS SENTENCE, THE DEPARTMENT OF NATURAL**  
20 **RESOURCES AND THE DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT**  
21 **SHALL ESTABLISH IN WRITING A BASIS OF INTERDEPARTMENTAL COOPERATION**  
22 **WHEN AN OWNER OF FORESTLAND SEEKS TO WITHDRAW THAT FORESTLAND FROM**  
23 **THE CLASSIFICATION AS COMMERCIAL FOREST WITHOUT PENALTY UNDER**  
24 **SUBSECTION (5).**

25 (12) ~~(11)~~As used in this section:

26 (a) "Inflation rate" means the lesser of 1.05 or the inflation  
27 rate as defined in section 34d of the general property tax act,

1 1893 PA 206, MCL 211.34d.

2 (b) "Valuation" means the market value as determined by the  
3 state tax commission.

4 Enacting section 1. This amendatory act does not take effect  
5 unless all of the following bills of the 98th Legislature are  
6 enacted into law:

7 (a) Senate Bill No. 651.

8 (b) Senate Bill No. 652.