



Senate Fiscal Agency  
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BILL ANALYSIS

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Senate Bill 917 (Substitute S-2 as reported)  
Sponsor: Senator Shirley Johnson  
Committee: Agriculture, Forestry and Tourism

## **CONTENT**

The bill would add Part 512 (Sustainable Forestry Conservation Easement Tax Incentives) to the Natural Resources and Environmental Protection Act, to do the following:

- Establish an annual specific tax for commercial forestland subject to a sustainable forest conservation easement, which would be 15 cents per acre less than the specific tax under Part 511 (Commercial Forests).
- Require an applicant for the reduced tax rate to pay a nonrefundable application fee of \$2 per acre, subject to a minimum of \$200 and a maximum of \$1,000.
- Require the owner to pay a penalty if forestland subject to an easement were used in violation of Part 512 or the easement.
- Provide that the specific tax and the penalty would be payable to the township treasurer.
- Allow the owner of commercial forestland subject to an easement to remove forest products in compliance with Part 511 and the easement.

Proposed MCL 324.51201

Legislative Analyst: Curtis Walker

## **FISCAL IMPACT**

The Commercial Forest Fund would receive the application revenue. The revenue collected would depend on the size of the parcel subject to the easement. Each fee collected would be between \$200 and \$1,000. This would be one-time revenue collected by the State.

There are approximately 2,209,700 acres classified as commercial forestland in Michigan. It is unknown how many acres would be subject to a sustainable forest conservation easement since the designation would be at the choice of the forestland owner. If all of the commercial forestland were subject to the easement, township treasurers would collect 95 cents per acre, for \$2,309,137 in revenue, which would be distributed in the same manner as ad valorem general property taxes.

If commercial forestland subject to a sustainable forest conservation easement were used in violation of proposed Part 512, the owner would owe to townships a penalty, per acre, for each year of the violation equal to the difference between what was paid under this part and the specific tax under Part 511, which is \$1.10 per acre of commercial forestland. Revenue would depend on the number of violations, the size of forestlands, and the duration of the violations.

Date Completed: 5-18-06

Fiscal Analyst: Jessica Runnels