

REVISE QUALIFIED FOREST PROPERTY PROGRAM

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House Bill 6292

Sponsor: Rep. Darwin Booher

Committee: Tourism, Outdoor Recreation and Natural Resources

Complete to 11-8-10

A SUMMARY OF HOUSE BILL 6292 AS INTRODUCED 6-24-10

Under the General Property Tax Act, a Michigan property owner who enrolls eligible forest property in the qualified forest property program receives an exemption from certain local school operating taxes. The owner receives this tax benefit in return for having a forest management plan developed for the property by a professional forester or certified natural resource professional, obtaining approval for the plan, and managing the property according to the plan. A property owner may currently enroll up to 320 acres in this program per local tax collecting unit. Currently, only land without any buildings or structures on it can be enrolled. On a statewide basis, up to 1.2 million acres can be enrolled in this program each fiscal year.

House Bill 6292 would amend the General Property Tax Act to make the following changes to this program:

- Revise all references to the Department of Natural Resources to the Department of Natural Resources and Environment (DNRE) to reflect the new name of the department.
- Require a property owner claiming this exemption to submit a \$25 fee to the local tax collecting unit, together with the other required items (affidavit, and approved forest management plan or third-party certification).
- Double the maximum number of acres for which a property owner could claim the exemption from 320 to 640 per local tax collecting unit. (The statewide limit would remain at 1.2 million acres.)
- Require property owners with land enrolled in this program to submit the required annual timber harvest report to the local tax assessor on a Department of Treasury form (instead of to the DNRE on a DNRE form, as is currently required); eliminate the current requirement that the owner disclose on this report whether any buildings or structures were constructed on the qualified forest property; and require the local tax collecting unit to keep one copy of the annual report and forward one to the Department of Treasury.
- Transfer from the DNRE to Treasury the responsibility for submitting a report about this program every three years to the standing committees of the Senate and the House of Representatives with primary jurisdiction over forestry issues.
- Require the DNRE—which would continue to review proposed forest management plans under the program—to approve or disapprove a proposed plan submitted to it between January 1 and October 1 by December 31, or the plan

would be considered approved. (The fee that the DNRE could charge for reviewing a proposed plan would remain at the current level of not more than \$200.)

- Transfer the responsibility under Section 7jj(10)(f) for determining whether property meets the conditions prescribed for "qualified forest property" from the DNRE to Treasury. (Conditions include that the property consist of at least 20 contiguous acres, of which at least 80 percent is productive forest capable of producing wood products; that the property is stocked with forest products; and that the property is subject to an approved forest management plan).
- Eliminate the current requirement that property must not have any building or structures on it to qualify for this program.
- Require local tax collecting units to retain one copy of an affidavit filed by a new owner of enrolled property attesting that the property is going to remain in the program, and to forward one copy to the Department of Treasury.

MCL 211.7jj & 211.27a

FISCAL IMPACT:

House Bill 6292 would reduce local revenue earmarked for education, although the magnitude cannot be precisely determined because the amount of qualified forest property that would qualify for the 18-mill exemption is not known. There would be no direct impact on state revenues; however, School Aid Fund expenditures would need to increase to offset the loss of local revenue.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.