

HOUSE BILL No. 5141

December 9, 2015, Introduced by Rep. Pettalia and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 27a (MCL 211.27a), as amended by 2015 PA 19.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 27a. (1) Except as otherwise provided in this section,
2 property shall be assessed at 50% of its true cash value under
3 section 3 of article IX of the state constitution of 1963.

4 (2) Except as otherwise provided in subsection (3), for taxes
5 levied in 1995 and for each year after 1995, the taxable value of
6 each parcel of property is the lesser of the following:

7 (a) The property's taxable value in the immediately preceding
8 year minus any losses, multiplied by the lesser of 1.05 or the
9 inflation rate, plus all additions. For taxes levied in 1995, the
10 property's taxable value in the immediately preceding year is the

1 property's state equalized valuation in 1994.

2 (b) The property's current state equalized valuation.

3 (3) Upon a transfer of ownership of property after 1994, the
4 property's taxable value for the calendar year following the year
5 of the transfer is the property's state equalized valuation for the
6 calendar year following the transfer.

7 (4) If the taxable value of property is adjusted under
8 subsection (3), a subsequent increase in the property's taxable
9 value is subject to the limitation set forth in subsection (2)
10 until a subsequent transfer of ownership occurs. If the taxable
11 value of property is adjusted under subsection (3) and the assessor
12 determines that there had not been a transfer of ownership, the
13 taxable value of the property shall be adjusted at the July or
14 December board of review. Notwithstanding the limitation provided
15 in section 53b(1) on the number of years for which a correction may
16 be made, the July or December board of review may adjust the
17 taxable value of property under this subsection for the current
18 year and for the 3 immediately preceding calendar years. A
19 corrected tax bill shall be issued for each tax year for which the
20 taxable value is adjusted by the local tax collecting unit if the
21 local tax collecting unit has possession of the tax roll or by the
22 county treasurer if the county has possession of the tax roll. For
23 purposes of section 53b, an adjustment under this subsection shall
24 be considered the correction of a clerical error.

25 (5) Assessment of property, as required in this section and
26 section 27, is inapplicable to the assessment of property subject
27 to the levy of ad valorem taxes within voted tax limitation

1 increases to pay principal and interest on limited tax bonds issued
2 by any governmental unit, including a county, township, community
3 college district, or school district, before January 1, 1964, if
4 the assessment required to be made under this act would be less
5 than the assessment as state equalized prevailing on the property
6 at the time of the issuance of the bonds. This inapplicability
7 continues until levy of taxes to pay principal and interest on the
8 bonds is no longer required. The assessment of property required by
9 this act applies for all other purposes.

10 (6) As used in this act, "transfer of ownership" means the
11 conveyance of title to or a present interest in property, including
12 the beneficial use of the property, the value of which is
13 substantially equal to the value of the fee interest. Transfer of
14 ownership of property includes, but is not limited to, the
15 following:

16 (a) A conveyance by deed.

17 (b) A conveyance by land contract. The taxable value of
18 property conveyed by a land contract executed after December 31,
19 1994 shall be adjusted under subsection (3) for the calendar year
20 following the year in which the contract is entered into and shall
21 not be subsequently adjusted under subsection (3) when the deed
22 conveying title to the property is recorded in the office of the
23 register of deeds in the county in which the property is located.

24 (c) A conveyance to a trust after December 31, 1994, except
25 under any of the following conditions:

26 (i) If the ~~settler~~**TRANSFEROR** or the ~~settler's~~**TRANSFEROR'S**
27 spouse, or both, conveys the property to the trust and the sole

1 present beneficiary or beneficiaries are the ~~settler~~**TRANSFEROR** or
 2 the ~~settler's~~**TRANSFEROR'S** spouse, or both.

3 (ii) Beginning December 31, 2014, for residential real
 4 property, if the ~~settler~~**TRANSFEROR** or the ~~settler's~~**TRANSFEROR'S**
 5 spouse, or both, conveys the residential real property to the trust
 6 and the sole present beneficiary or beneficiaries are the ~~settler's~~
 7 **TRANSFEROR'S** or the ~~settler's~~**TRANSFEROR'S** spouse's mother, father,
 8 brother, sister, son, daughter, adopted son, adopted daughter,
 9 grandson, or granddaughter, ~~and~~**OR IS 1 OR MORE OF THESE**
 10 **INDIVIDUALS, FOR SO LONG AS** the residential real property is ~~not~~
 11 ~~used for any commercial purpose~~**CLASSIFICATION UNDER SECTION 34C**
 12 **DOES NOT CHANGE** following the conveyance. Upon request by the
 13 department of treasury or the assessor, ~~the sole present~~
 14 ~~beneficiary or beneficiaries~~**A TRANSFEREE** shall furnish proof
 15 within 30 days that the ~~sole present beneficiary or beneficiaries~~
 16 ~~meet~~**TRANSFEREE MEETS** the requirements of this subparagraph. If a
 17 ~~present beneficiary~~**TRANSFEREE** fails to comply with a request by
 18 the department of treasury or assessor under this subparagraph,
 19 that ~~present beneficiary~~**TRANSFEREE** is subject to a fine of
 20 \$200.00.

21 (d) A conveyance by distribution from a trust, except under
 22 any of the following conditions:

23 (i) If the distributee is the sole present beneficiary or the
 24 spouse of the sole present beneficiary, or both, **OR IS A TRUST AND**
 25 **THE SOLE PRESENT BENEFICIARY OR BENEFICIARIES ARE EITHER OR BOTH OF**
 26 **THESE INDIVIDUALS.**

27 (ii) Beginning December 31, 2014, a distribution of

1 residential real property if the distributee is the ~~settler's or~~
 2 ~~the settler's spouse's~~ mother, father, brother, sister, son,
 3 daughter, adopted son, adopted daughter, grandson, or granddaughter
 4 ~~and~~ **OF A SOLE PRESENT BENEFICIARY OR BENEFICIARIES, OR OF THE**
 5 **SPOUSE OF A SOLE PRESENT BENEFICIARY OR BENEFICIARIES, OR IS 1 OR**
 6 **MORE OF THESE INDIVIDUALS, OR IS A TRUST AND THE SOLE PRESENT**
 7 **BENEFICIARY OR BENEFICIARIES ARE 1 OR MORE OF THESE INDIVIDUALS,**
 8 **FOR SO LONG AS** the residential real property ~~is not used for any~~
 9 ~~commercial purpose~~ **CLASSIFICATION UNDER SECTION 34C DOES NOT CHANGE**
 10 following the conveyance. Upon request by the department of
 11 treasury or the assessor, ~~the sole present beneficiary or~~
 12 ~~beneficiaries~~ **A DISTRIBUTE** shall furnish proof within 30 days that
 13 ~~the sole present beneficiary or beneficiaries meet~~ **DISTRIBUTE**
 14 **MEETS** the requirements of this subparagraph. If a ~~present~~
 15 ~~beneficiary~~ **DISTRIBUTE** fails to comply with a request by the
 16 department of treasury or assessor under this subparagraph, that
 17 ~~present beneficiary~~ **DISTRIBUTE** is subject to a fine of \$200.00.

18 (e) A change in the sole present beneficiary or beneficiaries
 19 of a trust, except under any of the following conditions:

20 (i) A change that adds or substitutes the spouse of the sole
 21 present beneficiary, **OR A TRUST AND THE SOLE PRESENT BENEFICIARY IS**
 22 **THE SPOUSE OF THE SOLE PRESENT BENEFICIARY.**

23 (ii) Beginning December 31, 2014, for residential real
 24 property, a change that adds or substitutes the ~~settler's or the~~
 25 ~~settler's spouse's~~ mother, father, brother, sister, son, daughter,
 26 adopted son, adopted daughter, grandson, or granddaughter ~~and~~ **OF A**
 27 **SOLE PRESENT BENEFICIARY OR BENEFICIARIES, OR OF THE SPOUSE OF A**

1 SOLE PRESENT BENEFICIARY OR BENEFICIARIES, OR ADDS OR SUBSTITUTES 1
 2 OR MORE OF THESE INDIVIDUALS, OR IS A TRUST AND THE SOLE PRESENT
 3 BENEFICIARY OR BENEFICIARIES ARE 1 OR MORE OF THESE INDIVIDUALS,
 4 FOR SO LONG AS the residential real property is ~~not used for any~~
 5 ~~commercial purpose~~ **CLASSIFICATION UNDER SECTION 34C DOES NOT CHANGE**
 6 following the conveyance. Upon request by the department of
 7 treasury or the assessor, ~~the sole present beneficiary or~~
 8 ~~beneficiaries~~ **A TRANSFEREE** shall furnish proof within 30 days that
 9 ~~the sole present beneficiary or beneficiaries meet~~ **TRANSFEREE MEETS**
 10 the requirements of this subparagraph. If a ~~present beneficiary~~
 11 **TRANSFEREE** fails to comply with a request by the department of
 12 treasury or assessor under this subparagraph, that ~~present~~
 13 ~~beneficiary~~ **TRANSFEREE** is subject to a fine of \$200.00.

14 (f) A conveyance ~~by distribution under a will or by intestate~~
 15 ~~succession,~~ **TO A TRANSFEREE AS THE RESULT OF THE DEATH OF A**
 16 **PROPERTY OWNER BECAUSE THE TRANSFEREE WAS A DISTRIBUTE UNDER A**
 17 **WILL OR INTESTATE SUCCESSION, GRANTEE OF A DEED, TRUST BENEFICIARY,**
 18 **BENEFICIARY OF A BENEFICIARY DESIGNATION, APPOINTEE, OR TAKER IN**
 19 **DEFAULT OF A POWER OF APPOINTMENT,** except under any of the
 20 following conditions:

21 (i) If the ~~distributee~~ **TRANSFEREE** is the decedent's spouse, **OR**
 22 **IS A TRUST AND THE SOLE PRESENT BENEFICIARY IS THE DECEDENT'S**
 23 **SPOUSE.**

24 (ii) Beginning December 31, 2014, for residential real
 25 property, if the ~~distributee~~ **TRANSFEREE** is the decedent's or the
 26 decedent's spouse's mother, father, brother, sister, son, daughter,
 27 adopted son, adopted daughter, grandson, or granddaughter, ~~and~~ **OR**

1 IS 1 OR MORE OF THESE INDIVIDUALS, OR IS A TRUST AND THE SOLE
2 PRESENT BENEFICIARY OR BENEFICIARIES ARE 1 OR MORE OF THESE
3 INDIVIDUALS, FOR SO LONG AS the residential real property is ~~not~~
4 ~~used for any commercial purpose~~ **CLASSIFICATION UNDER SECTION 34C**
5 **DOES NOT CHANGE** following the conveyance. Upon request by the
6 department of treasury or the assessor, ~~the sole present~~
7 ~~beneficiary or beneficiaries~~ **A TRANSFEREE** shall furnish proof
8 within 30 days that the ~~sole present beneficiary or beneficiaries~~
9 ~~meet~~ **TRANSFEREE MEETS** the requirements of this subparagraph. If a
10 ~~present beneficiary~~ **TRANSFEREE** fails to comply with a request by
11 the department of treasury or assessor under this subparagraph,
12 that ~~present beneficiary~~ **TRANSFEREE** is subject to a fine of
13 \$200.00.

14 (g) A conveyance by lease if the total duration of the lease,
15 including the initial term and all options for renewal, is more
16 than 35 years or the lease grants the lessee a bargain purchase
17 option. As used in this subdivision, "bargain purchase option"
18 means the right to purchase the property at the termination of the
19 lease for not more than 80% of the property's projected true cash
20 value at the termination of the lease. After December 31, 1994, the
21 taxable value of property conveyed by a lease with a total duration
22 of more than 35 years or with a bargain purchase option shall be
23 adjusted under subsection (3) for the calendar year following the
24 year in which the lease is entered into. This subdivision does not
25 apply to personal property except buildings described in section
26 14(6) and personal property described in section 8(h), (i), and
27 (j). This subdivision does not apply to that portion of the

1 property not subject to the leasehold interest conveyed.

2 (h) Except as otherwise provided in this subdivision, a
 3 conveyance of an ownership interest in a corporation, partnership,
 4 sole proprietorship, limited liability company, limited liability
 5 partnership, or other legal entity if the ownership interest
 6 conveyed is more than 50% of the corporation, partnership, sole
 7 proprietorship, limited liability company, limited liability
 8 partnership, or other legal entity. Unless notification is provided
 9 under subsection (10), the corporation, partnership, sole
 10 proprietorship, limited liability company, limited liability
 11 partnership, or other legal entity shall notify the assessing
 12 officer on a form provided by the state tax commission not more
 13 than 45 days after a conveyance of an ownership interest that
 14 constitutes a transfer of ownership under this subdivision. ~~Both of~~
 15 ~~the following apply to~~ **THIS SUBDIVISION IS SUBJECT TO ALL OF THE**
 16 **FOLLOWING:**

17 (i) **FOR** a corporation subject to 1897 PA 230, MCL 455.1 to
 18 455.24, **BOTH OF THE FOLLOWING APPLY:**

19 (A) ~~(i)~~—A transfer of stock of the corporation is a transfer
 20 of ownership only with respect to the real property that is
 21 assessed to the transferor lessee stockholder.

22 (B) ~~(ii)~~—A cumulative conveyance of more than 50% of the
 23 corporation's stock does not constitute a transfer of ownership of
 24 the corporation's real property.

25 (ii) **BEGINNING ON DECEMBER 31, 2014, A CONVEYANCE OF AN**
 26 **OWNERSHIP INTEREST, OF ANY PERCENTAGE, IN A CORPORATION,**
 27 **PARTNERSHIP, SOLE PROPRIETORSHIP, LIMITED LIABILITY COMPANY,**

1 LIMITED LIABILITY PARTNERSHIP, OR OTHER LEGAL ENTITY IS NOT A
2 TRANSFER OF OWNERSHIP IF THE TRANSFEREE IS THE TRANSFEROR'S SPOUSE
3 OR IS A TRUST AND THE SOLE PRESENT BENEFICIARY OR BENEFICIARIES ARE
4 THE TRANSFEROR, THE TRANSFEROR'S SPOUSE, OR BOTH.

5 (iii) BEGINNING ON DECEMBER 31, 2014, FOR RESIDENTIAL REAL
6 PROPERTY, A CONVEYANCE OF AN OWNERSHIP INTEREST, OF ANY PERCENTAGE,
7 IN A CORPORATION, PARTNERSHIP, SOLE PROPRIETORSHIP, LIMITED
8 LIABILITY COMPANY, LIMITED LIABILITY PARTNERSHIP, OR OTHER LEGAL
9 ENTITY IS NOT A TRANSFER OF OWNERSHIP IF THE TRANSFEREE IS THE
10 TRANSFEROR'S OR TRANSFEROR'S SPOUSE'S MOTHER, FATHER, BROTHER,
11 SISTER, SON, DAUGHTER, ADOPTED SON, ADOPTED DAUGHTER, GRANDSON, OR
12 GRANDDAUGHTER, OR IS 1 OR MORE OF THESE INDIVIDUALS, OR IS A TRUST
13 AND THE SOLE PRESENT BENEFICIARY OR BENEFICIARIES ARE 1 OR MORE OF
14 THESE INDIVIDUALS, FOR SO LONG AS THE RESIDENTIAL REAL PROPERTY
15 CLASSIFICATION UNDER SECTION 34C DOES NOT CHANGE FOLLOWING THE
16 CONVEYANCE. UPON REQUEST BY THE DEPARTMENT OF TREASURY OR THE
17 ASSESSOR, A TRANSFEREE SHALL FURNISH PROOF WITHIN 30 DAYS THAT THE
18 TRANSFEREE MEETS THE REQUIREMENTS OF THIS SUBPARAGRAPH. IF A
19 TRANSFEREE FAILS TO COMPLY WITH A REQUEST BY THE DEPARTMENT OF
20 TREASURY OR ASSESSOR UNDER THIS SUBPARAGRAPH, THAT TRANSFEREE IS
21 SUBJECT TO A FINE OF \$200.00.

22 (i) A transfer of property held as a tenancy in common, except
23 that portion of the property not subject to the ownership interest
24 conveyed.

25 (j) A conveyance of an ownership interest in a cooperative
26 housing corporation, except that portion of the property not
27 subject to the ownership interest conveyed.

1 (7) Transfer of ownership does not include the following:

2 (a) The transfer of property from 1 spouse to the other spouse
3 or from a decedent to a surviving spouse.

4 (b) A transfer from ~~a husband, a wife, or a husband and wife~~¹
5 **OR BOTH SPOUSES** creating or disjoining a tenancy by the entireties
6 in the grantors or the grantor and his or her spouse.

7 (c) A transfer of ~~that portion of~~ property subject to a life
8 estate or life lease retained by the transferor, until expiration
9 or termination of the life estate or life lease. ~~That portion of~~
10 ~~property transferred that is not subject to a life lease shall be~~
11 ~~adjusted under subsection (3).~~ **HOWEVER, BEGINNING DECEMBER 31, 2014,**
12 **THE EXPIRATION OR TERMINATION OF THE LIFE ESTATE OR LIFE LEASE IS**
13 **ALSO NOT A TRANSFER OF OWNERSHIP IF EITHER OF THE FOLLOWING IS**
14 **TRUE:**

15 (i) **THE TRANSFEREE IS THE TRANSFEROR'S SPOUSE, OR IS A TRUST**
16 **AND THE SOLE PRESENT BENEFICIARY IS THE TRANSFEROR'S SPOUSE.**

17 (ii) **THE PROPERTY IS RESIDENTIAL REAL PROPERTY AND THE**
18 **TRANSFEREE IS THE TRANSFEROR'S OR TRANSFEROR'S SPOUSE'S MOTHER,**
19 **FATHER, BROTHER, SISTER, SON, DAUGHTER, ADOPTED SON, ADOPTED**
20 **DAUGHTER, GRANDSON, OR GRANDDAUGHTER, OR IS 1 OR MORE OF THESE**
21 **INDIVIDUALS, OR IS A TRUST AND THE SOLE PRESENT BENEFICIARY OR**
22 **BENEFICIARIES ARE 1 OR MORE OF THESE INDIVIDUALS, FOR SO LONG AS**
23 **THE RESIDENTIAL REAL PROPERTY CLASSIFICATION UNDER SECTION 34C DOES**
24 **NOT CHANGE FOLLOWING THE CONVEYANCE. UPON REQUEST BY THE DEPARTMENT**
25 **OF TREASURY OR THE ASSESSOR, A TRANSFEREE SHALL FURNISH PROOF**
26 **WITHIN 30 DAYS THAT THE TRANSFEREE MEETS THE REQUIREMENTS OF THIS**
27 **SUBPARAGRAPH. IF A TRANSFEREE FAILS TO COMPLY WITH A REQUEST BY THE**

1 DEPARTMENT OF TREASURY OR ASSESSOR UNDER THIS SUBPARAGRAPH, THAT
2 TRANSFEREE IS SUBJECT TO A FINE OF \$200.00.

3 (d) A transfer through foreclosure or forfeiture of a recorded
4 instrument under chapter 31, 32, or 57 of the revised judicature
5 act of 1961, 1961 PA 236, MCL 600.3101 to 600.3285 and MCL 600.5701
6 to 600.5759, or through deed or conveyance in lieu of a foreclosure
7 or forfeiture, until the mortgagee or land contract vendor
8 subsequently transfers the property. If a mortgagee does not
9 transfer the property within 1 year of the expiration of any
10 applicable redemption period, the property shall be adjusted under
11 subsection (3).

12 (e) A transfer by redemption by the person to whom taxes are
13 assessed of property previously sold for delinquent taxes.

14 (f) A conveyance to a trust if the ~~settlor-TRANSFEROR~~ or the
15 ~~settlor's-TRANSFEROR'S~~ spouse, or both, conveys the property to the
16 trust and any of the following conditions are satisfied:

17 (i) If the sole present beneficiary of the trust is the
18 ~~settlor-TRANSFEROR~~ or the ~~settlor's-TRANSFEROR'S~~ spouse, or both.

19 (ii) Beginning December 31, 2014, for residential real
20 property, if the sole present beneficiary of the trust is the
21 ~~settlor's-TRANSFEROR'S~~ or the ~~settlor's-TRANSFEROR'S~~ spouse's
22 mother, father, brother, sister, son, daughter, adopted son,
23 adopted daughter, grandson, or granddaughter, ~~and-OR IS 1 OR MORE~~
24 **OF THESE INDIVIDUALS, FOR SO LONG AS** the residential real property
25 ~~is not used for any commercial purpose-CLASSIFICATION UNDER SECTION~~
26 **34C DOES NOT CHANGE** following the conveyance. Upon request by the
27 department of treasury or the assessor, ~~the sole present~~

1 ~~beneficiary or beneficiaries~~ **A TRANSFEREE** shall furnish proof
2 within 30 days that the ~~sole present beneficiary or beneficiaries~~
3 ~~meet~~ **TRANSFEREE MEETS** the requirements of this subparagraph. If a
4 ~~present beneficiary~~ **TRANSFEREE** fails to comply with a request by
5 the department of treasury or assessor under this subparagraph,
6 that ~~present beneficiary~~ **TRANSFEREE** is subject to a fine of
7 \$200.00.

8 (g) A transfer pursuant to a judgment or order of a court of
9 record making or ordering a transfer, unless a specific monetary
10 consideration is specified or ordered by the court for the
11 transfer.

12 (h) A transfer creating or terminating a joint tenancy between
13 2 or more persons if at least 1 of the persons was an original
14 owner of the property before the joint tenancy was initially
15 created and, if the property is held as a joint tenancy at the time
16 of conveyance, at least 1 of the persons was a joint tenant when
17 the joint tenancy was initially created and that person has
18 remained a joint tenant since the joint tenancy was initially
19 created. A joint owner at the time of the last transfer of
20 ownership of the property is an original owner of the property. For
21 purposes of this subdivision, a person is an original owner of
22 property owned by that person's spouse.

23 (i) A transfer for security or an assignment or discharge of a
24 security interest.

25 (j) A transfer of real property or other ownership interests
26 among members of an affiliated group. As used in this subsection,
27 "affiliated group" means 1 or more corporations connected by stock

1 ownership to a common parent corporation. Upon request by the state
2 tax commission, a corporation shall furnish proof within 45 days
3 that a transfer meets the requirements of this subdivision. A
4 corporation that fails to comply with a request by the state tax
5 commission under this subdivision is subject to a fine of \$200.00.

6 (k) Normal public trading of shares of stock or other
7 ownership interests that, over any period of time, cumulatively
8 represent more than 50% of the total ownership interest in a
9 corporation or other legal entity and are traded in multiple
10 transactions involving unrelated individuals, institutions, or
11 other legal entities.

12 (l) A transfer of real property or other ownership interests
13 among corporations, partnerships, limited liability companies,
14 limited liability partnerships, or other legal entities if the
15 entities involved are commonly controlled. Upon request by the
16 state tax commission, a corporation, partnership, limited liability
17 company, limited liability partnership, or other legal entity shall
18 furnish proof within 45 days that a transfer meets the requirements
19 of this subdivision. A corporation, partnership, limited liability
20 company, limited liability partnership, or other legal entity that
21 fails to comply with a request by the state tax commission under
22 this subdivision is subject to a fine of \$200.00.

23 (m) A direct or indirect transfer of real property or other
24 ownership interests resulting from a transaction that qualifies as
25 a tax-free reorganization under section 368 of the internal revenue
26 code, 26 USC 368. Upon request by the state tax commission, a
27 property owner shall furnish proof within 45 days that a transfer

1 meets the requirements of this subdivision. A property owner who
2 fails to comply with a request by the state tax commission under
3 this subdivision is subject to a fine of \$200.00.

4 (n) A transfer of qualified agricultural property, if the
5 person to whom the qualified agricultural property is transferred
6 files an affidavit with the assessor of the local tax collecting
7 unit in which the qualified agricultural property is located and
8 with the register of deeds for the county in which the qualified
9 agricultural property is located attesting that the qualified
10 agricultural property will remain qualified agricultural property.
11 The affidavit under this subdivision shall be in a form prescribed
12 by the department of treasury. An owner of qualified agricultural
13 property shall inform a prospective buyer of that qualified
14 agricultural property that the qualified agricultural property is
15 subject to the recapture tax provided in the agricultural property
16 recapture act, 2000 PA 261, MCL 211.1001 to 211.1007, if the
17 qualified agricultural property is converted by a change in use, as
18 that term is defined in section 2 of the agricultural property
19 recapture act, 2000 PA 261, MCL 211.1002. If property ceases to be
20 qualified agricultural property at any time after being
21 transferred, all of the following shall occur:

22 (i) The taxable value of that property shall be adjusted under
23 subsection (3) as of the December 31 in the year that the property
24 ceases to be qualified agricultural property.

25 (ii) The property is subject to the recapture tax provided for
26 under the agricultural property recapture act, 2000 PA 261, MCL
27 211.1001 to 211.1007.

1 (o) A transfer of qualified forest property, if the person to
2 whom the qualified forest property is transferred files a qualified
3 forest taxable value affidavit with the assessor of the local tax
4 collecting unit in which the qualified forest property is located
5 and with the register of deeds for the county in which the
6 qualified forest property is located attesting that the qualified
7 forest property will remain qualified forest property. The
8 qualified forest taxable value affidavit under this subdivision
9 shall be in a form prescribed by the department of agriculture and
10 rural development. The qualified forest taxable value affidavit
11 shall include a legal description of the qualified forest property,
12 the name of the new property owner, the year the transfer of the
13 property occurred, a statement indicating that the property owner
14 is attesting that the property for which the exemption is claimed
15 is qualified forest property and will be managed according to the
16 approved forest management plan, and any other information
17 pertinent to the parcel and the property owner. The property owner
18 shall provide a copy of the qualified forest taxable value
19 affidavit to the department. The department shall provide 1 copy of
20 the qualified forest taxable value affidavit to the local tax
21 collecting unit, 1 copy to the conservation district, and 1 copy to
22 the department of treasury. These copies may be sent
23 electronically. The exception to the recognition of a transfer of
24 ownership, as herein stated, extends to the land only of the
25 qualified forest property. If qualified forest property is improved
26 by buildings, structures, or land improvements, then those
27 improvements shall be recognized as a transfer of ownership, in

1 accordance with the provisions of section 7jj[1]. An owner of
2 qualified forest property shall inform a prospective buyer of that
3 qualified forest property that the qualified forest property is
4 subject to the recapture tax provided in the qualified forest
5 property recapture tax act, 2006 PA 379, MCL 211.1031 to 211.1036,
6 if the qualified forest property is converted by a change in use,
7 as that term is defined in section 2 of the qualified forest
8 property recapture tax act, 2006 PA 379, MCL 211.1032. If property
9 ceases to be qualified forest property at any time after being
10 transferred, all of the following shall occur:

11 (i) The taxable value of that property shall be adjusted under
12 subsection (3) as of the December 31 in the year that the property
13 ceases to be qualified forest property, except to the extent that
14 the transfer of the qualified forest property would not have been
15 considered a transfer of ownership under this subsection.

16 (ii) Except as otherwise provided in subparagraph (iii), the
17 property is subject to the recapture tax provided for under the
18 qualified forest property recapture tax act, 2006 PA 379, MCL
19 211.1031 to 211.1036.

20 (iii) Beginning June 1, 2013 and ending November 30, 2013,
21 owners of property enrolled as qualified forest property before
22 January 1, 2013 may execute a new qualified forest taxable value
23 affidavit with the department of agriculture and rural development.
24 If a landowner elects to execute a qualified forest taxable value
25 affidavit, that owner is not required to pay the \$50.00 fee
26 required under section 7jj[1](2). If a landowner elects not to
27 execute a qualified forest taxable value affidavit, the existing

1 affidavit shall be rescinded, without subjecting the property to
2 the recapture tax provided for under the qualified forest property
3 recapture tax act, 2006 PA 379, MCL 211.1031 to 211.1036, and the
4 taxable value of that property shall be adjusted under subsection
5 (3).

6 (p) Beginning on December 8, 2006, a transfer of land, but not
7 buildings or structures located on the land, which meets 1 or more
8 of the following requirements:

9 (i) The land is subject to a conservation easement under
10 subpart 11 of part 21 of the natural resources and environmental
11 protection act, 1994 PA 451, MCL 324.2140 to 324.2144. As used in
12 this subparagraph, "conservation easement" means that term as
13 defined in section 2140 of the natural resources and environmental
14 protection act, 1994 PA 451, MCL 324.2140.

15 (ii) A transfer of ownership of the land or a transfer of an
16 interest in the land is eligible for a deduction as a qualified
17 conservation contribution under section 170(h) of the internal
18 revenue code, 26 USC 170.

19 (q) A transfer of real property or other ownership interests
20 resulting from a consolidation or merger of a domestic nonprofit
21 corporation that is a boy or girl scout or camp fire girls
22 organization, a 4-H club or foundation, a young men's Christian
23 association, or a young women's Christian association and at least
24 50% of the members of that organization or association are
25 residents of this state.

26 (r) A change to the assessment roll or tax roll resulting from
27 the application of section 16a of 1897 PA 230, MCL 455.16a.

1 (s) Beginning December 31, 2013 through December 30, 2014, a
2 transfer of residential real property if the transferee is related
3 to the transferor by blood or affinity to the first degree ~~and the~~
4 ~~use of~~ **FOR SO LONG AS** the residential real property **CLASSIFICATION**
5 **UNDER SECTION 34C** does not change following the transfer.

6 (t) Beginning December 31, 2014, a transfer of residential
7 real property if the transferee is the transferor's or the
8 transferor's spouse's mother, father, brother, sister, son,
9 daughter, adopted son, adopted daughter, grandson, or
10 granddaughter, ~~and~~ **OR IS 1 OR MORE OF THESE INDIVIDUALS, OR IS A**
11 **TRUST AND THE SOLE PRESENT BENEFICIARY OR BENEFICIARIES ARE 1 OR**
12 **MORE OF THESE INDIVIDUALS, FOR SO LONG AS** the residential real
13 property ~~is not used for any commercial purpose~~ **CLASSIFICATION**
14 **UNDER SECTION 34C DOES NOT CHANGE** following the conveyance. Upon
15 request by the department of treasury or the assessor, ~~the~~ **A**
16 transferee shall furnish proof within 30 days that the transferee
17 meets the requirements of this subdivision. If a transferee fails
18 to comply with a request by the department of treasury or assessor
19 under this subdivision, that transferee is subject to a fine of
20 \$200.00.

21 (u) Beginning December 31, 2014, for residential real
22 property, a conveyance from a trust if the person to whom the
23 residential real property is conveyed is the ~~settlor's or the~~
24 ~~settlor's spouse's~~ mother, father, brother, sister, son, daughter,
25 adopted son, adopted daughter, grandson, or granddaughter ~~and~~ **OF A**
26 **SOLE PRESENT BENEFICIARY OR OF THE SPOUSE OF A SOLE PRESENT**
27 **BENEFICIARY, OR IS 1 OR MORE OF THESE INDIVIDUALS, OR IS A TRUST**

1 **AND THE SOLE PRESENT BENEFICIARY OR BENEFICIARIES ARE 1 OR MORE OF**
2 **THESE INDIVIDUALS, FOR SO LONG AS** the residential real property ~~is~~
3 ~~not used for any commercial purpose~~ **CLASSIFICATION UNDER SECTION**
4 **34C DOES NOT CHANGE** following the conveyance. Upon request by the
5 department of treasury or the assessor, ~~the sole present~~
6 ~~beneficiary or beneficiaries~~ **A TRANSFEREE** shall furnish proof
7 within 30 days that the ~~sole present beneficiary or beneficiaries~~
8 ~~meet~~ **TRANSFEREE MEETS** the requirements of this subdivision. If a
9 ~~present beneficiary~~ **TRANSFEREE** fails to comply with a request by
10 the department of treasury or assessor under this subdivision, that
11 ~~present beneficiary~~ **TRANSFEREE** is subject to a fine of \$200.00.

12 (v) Beginning on the effective date of the amendatory act that
13 added this subdivision, a conveyance of land by distribution under
14 a will or trust or by intestate succession, but not buildings or
15 structures located on the land, which meets 1 or more of the
16 following requirements:

17 (i) The land is made subject to a conservation easement under
18 subpart 11 of part 21 of the natural resources and environmental
19 protection act, 1994 PA 451, MCL 324.2140 to 324.2144, prior to the
20 conveyance by distribution under a will or trust or by intestate
21 succession. As used in this subparagraph, "conservation easement"
22 means that term as defined in section 2140 of the natural resources
23 and environmental protection act, 1994 PA 451, MCL 324.2140.

24 (ii) The land or an interest in the land is made eligible for
25 a deduction as a qualified conservation contribution under section
26 170(h) of the internal revenue code, 26 USC 170, prior to the
27 conveyance by distribution under a will or trust or by intestate

1 succession.

2 (w) A conveyance of property under section 2120a(6) of the
3 natural resources and environmental protection act, 1994 PA 451,
4 MCL 324.2120a.

5 (X) BEGINNING DECEMBER 31, 2014, THE TRANSFER OF AN OWNERSHIP
6 INTEREST IN REAL PROPERTY TO OR FROM A CORPORATION, PARTNERSHIP,
7 SOLE PROPRIETORSHIP, LIMITED LIABILITY COMPANY, LIMITED LIABILITY
8 PARTNERSHIP, OR OTHER LEGAL ENTITY IF THE OWNERSHIP OF THE ENTITY
9 AFTER THE TRANSFER IS IDENTICAL TO THE OWNERSHIP OF THE REAL
10 PROPERTY BEFORE THE TRANSFER OR IF THE OWNERSHIP OF THE REAL
11 PROPERTY AFTER THE TRANSFER IS IDENTICAL TO THE OWNERSHIP OF THE
12 ENTITY BEFORE THE TRANSFER. AS USED IN THIS SUBDIVISION,
13 "IDENTICAL" MEANS THE SAME BOTH IN THE IDENTITY OF THE OWNER OR
14 OWNERS AND THE PERCENTAGE OWNED IF OWNED BY MORE THAN 1 PERSON.

15 (8) If all of the following conditions are satisfied, the
16 local tax collecting unit shall revise the taxable value of
17 qualified agricultural property taxable on the tax roll in the
18 possession of that local tax collecting unit to the taxable value
19 that qualified agricultural property would have had if there had
20 been no transfer of ownership of that qualified agricultural
21 property since December 31, 1999 and there had been no adjustment
22 of that qualified agricultural property's taxable value under
23 subsection (3) since December 31, 1999:

24 (a) The qualified agricultural property was qualified
25 agricultural property for taxes levied in 1999 and each year after
26 1999.

27 (b) The owner of the qualified agricultural property files an

1 affidavit with the assessor of the local tax collecting unit under
2 subsection (7) (n).

3 (9) If the taxable value of qualified agricultural property is
4 adjusted under subsection (8), the owner of that qualified
5 agricultural property is not entitled to a refund for any property
6 taxes collected under this act on that qualified agricultural
7 property before the adjustment under subsection (8).

8 (10) The register of deeds of the county where deeds or other
9 title documents are recorded shall notify the assessing officer of
10 the appropriate local taxing unit not less than once each month of
11 any recorded transaction involving the ownership of property and
12 shall make any recorded deeds or other title documents available to
13 that county's tax or equalization department. Unless notification
14 is provided under subsection (6), the buyer, grantee, or other
15 transferee of the property shall notify the appropriate assessing
16 office in the local unit of government in which the property is
17 located of the transfer of ownership of the property within 45 days
18 of the transfer of ownership, on a form prescribed by the state tax
19 commission that states the parties to the transfer, the date of the
20 transfer, the actual consideration for the transfer, and the
21 property's parcel identification number or legal description. Forms
22 filed in the assessing office of a local unit of government under
23 this subsection shall be made available to the county tax or
24 equalization department for the county in which that local unit of
25 government is located. This subsection does not apply to personal
26 property except buildings described in section 14(6) and personal
27 property described in section 8(h), (i), and (j).

1 (11) As used in this section:

2 (a) "Additions" means that term as defined in section 34d.

3 (b) "Beneficial use" means the right to possession, use, and
4 enjoyment of property, limited only by encumbrances, easements, and
5 restrictions of record.

6 (c) "Inflation rate" means that term as defined in section
7 34d.

8 (d) "Losses" means that term as defined in section 34d.

9 (e) "Qualified agricultural property" means that term as
10 defined in section 7dd.

11 (f) "Qualified forest property" means that term as defined in
12 section 7jj[1].

13 (g) "Residential real property" means real property classified
14 as residential real property under section 34c.

15 **(H) "TRANSFEROR" MEANS A PERSON THAT MAKES A TRANSFER AND**
16 **INCLUDES, BUT IS NOT LIMITED TO, THE SETTLOR OF A TRUST, OR AN**
17 **INDIVIDUAL OR ENTITY FOR WHOM A TRANSFER IS MADE BY A**
18 **REPRESENTATIVE.**

19 Enacting section 1. Section 27a(6)(h)(ii) and (iii) and (7)(x)
20 of the general property tax act, 1893 PA 206, MCL 211.27a, as added
21 by this amendatory act, is retroactive and is effective for taxes
22 levied after December 31, 2014.

23 Enacting section 2. Section 27a(7)(c) of the general property
24 tax act, 1893 PA 206, MCL 211.27a, as amended by this amendatory
25 act, is retroactive and is effective for taxes levied after
26 December 31, 2014.