

# SENATE BILL No. 648

December 9, 2015, Introduced by Senator CASPERSON and referred to the Committee on Local Government.

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 DISTRIBUTEE** shall furnish proof within 30 days that  
 13 ~~the sole present beneficiary or beneficiaries meet~~ **DISTRIBUTEE**  
 14 **MEETS** the requirements of this subparagraph. If a ~~present~~  
 15 ~~beneficiary~~ **DISTRIBUTEE** 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.