

## THE GENERAL PROPERTY TAX ACT (EXCERPT)

### Act 206 of 1893

#### ASSESSMENT ROLL.

#### **211.24 Property tax assessment roll; time; use of computerized database system.**

Sec. 24. (1) On or before the first Monday in March in each year, the assessor shall make and complete an assessment roll, upon which he or she shall set down all of the following:

(a) The name and address of every person liable to be taxed in the local tax collecting unit with a full description of all the real property liable to be taxed. If the name of the owner or occupant of any tract or parcel of real property is known, the assessor shall enter the name and address of the owner or occupant opposite to the description of the property. If unknown, the real property described upon the roll shall be assessed as "owner unknown". All contiguous subdivisions of any section that are owned by 1 person, firm, corporation, or other legal entity and all unimproved lots in any block that are contiguous and owned by 1 person, firm, corporation, or other legal entity shall be assessed as 1 parcel, unless demand in writing is made by the owner or occupant to have each subdivision of the section or each lot assessed separately. However, failure to assess contiguous parcels as entireties does not invalidate the assessment as made. Each description shall show as near as possible the number of acres contained in it, as determined by the assessor. It is not necessary for the assessment roll to specify the quantity of land comprised in any town, city, or village lot.

(b) The assessor shall estimate, according to his or her best information and judgment, the true cash value and assessed value of every parcel of real property and set the assessed value down opposite the parcel.

(c) The assessor shall calculate the tentative taxable value of every parcel of real property and set that value down opposite the parcel.

(d) The assessor shall determine the percentage of value of every parcel of real property that is exempt from the tax levied by a local school district for school operating purposes to the extent provided under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, and set that percentage of value down opposite the parcel.

(e) The assessor shall determine the date of the last transfer of ownership of every parcel of real property occurring after December 31, 1994 and set that date down opposite the parcel.

(f) The assessor shall estimate the true cash value of all the personal property of each person, and set the assessed value and tentative taxable value down opposite the name of the person. In determining the property to be assessed and in estimating the value of that property, the assessor is not bound to follow the statements of any person, but shall exercise his or her best judgment. For taxes levied after December 31, 2003, the assessor shall separately state the assessed value and tentative taxable value of any leasehold improvements.

(g) Property assessed to a person other than the owner shall be assessed separately from the owner's property and shall show in what capacity it is assessed to that person, whether as agent, guardian, or otherwise. Two or more persons not being copartners, owning personal property in common, may each be assessed severally for each person's portion. Undivided interests in lands owned by tenants in common, or joint tenants not being copartners, may be assessed to the owners.

(2) Subject to this section, a local tax collecting unit may use a computerized database system as the assessment roll described in subsection (1) if the local tax collecting unit and the assessor certify in a form and manner prescribed by the state tax commission that the proposed system has the capacity to enable a local tax collecting unit to comply and the local tax collecting unit complies with all of the following requirements:

(a) The assessor shall certify the assessment roll and maintain a computer printed format or a disk, external drive, or other electronic data processing format compatible with the computer system used by the local tax collecting unit. The affidavit attached to or included with the assessment roll shall include documentation that the assessment roll has been backed up through a computer backup system and a sworn statement by the assessor that the backup system contains a true and complete record of the assessment roll. The affidavit attached to or included with the assessment roll shall include documentation that authorizes and reports all changes in the assessment roll as certified by the assessor.

(b) The local tax collecting unit shall certify and maintain a retention policy that complies with the requirements of section 11 of the Michigan history center act, 2016 PA 470, MCL 399.11, and section 491 of the Michigan penal code, 1931 PA 328, MCL 750.491.

(c) The local tax collecting unit shall certify that the computerized database system has internal and external security procedures sufficient to assure the integrity of the system.

(d) Not later than May 1 of the third year following the year in which a local tax collecting unit begins using a computerized database system as the assessment roll in accordance with this subsection and every 3 years thereafter, the local tax collecting unit shall certify to the state tax commission that the requirements of

this subsection are being met.

(e) An assessor or local tax collecting unit that provides a computer terminal for public viewing of the assessment roll is considered as having the assessment roll available for public inspection.

(f) If at any time the state tax commission believes that a local tax collecting unit is no longer in compliance with this subsection, the state tax commission shall provide written notice to the local tax collecting unit. The notice shall specify the reasons that use of the computerized database system as the original assessment roll is no longer in compliance with this subsection. The local tax collecting unit has 60 days to provide evidence that the local tax collecting unit is in compliance with this subsection or that action to correct noncompliance has been implemented. If, after the expiration of 60 days, the state tax commission believes that the local tax collecting unit is not taking satisfactory steps to correct a condition of noncompliance, the state tax commission upon its own motion may withdraw approval of the use of the computerized database system as the original assessment roll. Proceedings of the state tax commission under this subsection shall be in accordance with rules for other proceedings for the commission promulgated under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, and shall not be considered a contested case.

**History:** 1893, Act 206, Eff. June 12, 1893;—CL 1897, 3847;—Am. 1899, Act 262, Eff. Sept. 23, 1899;—Am. 1907, Act 326, Eff. Sept. 28, 1907;—CL 1915, 4018;—CL 1929, 3412;—Am. 1941, Act 234, Imd. Eff. June 16, 1941;—Am. 1945, Act 159, Imd. Eff. May 16, 1945;—Am. 1947, Act 93, Eff. Oct. 11, 1947;—CL 1948, 211.24;—Am. 1949, Act 285, Eff. Sept. 23, 1949;—Am. 1963, Act 66, Eff. Sept. 6, 1963;—Am. 1994, Act 415, Imd. Eff. Dec. 29, 1994;—Am. 2002, Act 620, Imd. Eff. Dec. 23, 2002;—Am. 2012, Act 409, Imd. Eff. Dec. 20, 2012;—Am. 2016, Act 25, Eff. May 30, 2016;—Am. 2017, Act 176, Eff. Feb. 19, 2018.

**Compiler's note:** For transfer of powers and duties of department of environmental quality to department of natural resources and environment, see E.R.O. No. 2009-31, compiled at MCL 324.99919.

**Popular name:** Act 206

#### **211.24a Tax rolls; preparation by county; expense.**

Sec. 24a. Notwithstanding any other provisions of this act, a county, by resolution of the board of supervisors, may prepare tax rolls and extend the taxes thereon for the cities and townships in the county at the expense of the county or the local unit.

**History:** Add. 1963, Act 139, Imd. Eff. May 10, 1963.

**Popular name:** Act 206

#### **211.24b Assessment based on taxable value; application.**

Sec. 24b. (1) The tax roll and the tax statement shall clearly set forth the latest taxable value for each item of property.

(2) The supervisor or assessor shall spread the taxes on the tax roll on the taxable value for each item of property.

(3) These requirements do not apply if the current year's state equalized valuation or taxable value is not available when the tax roll or tax statements of a city are prepared under a law or charter provision.

**History:** Add. 1964, Act 275, Eff. Aug. 28, 1964;—Am. 1965, Act 410, Imd. Eff. Nov. 3, 1965;—Am. 1994, Act 415, Imd. Eff. Dec. 29, 1994.

**Popular name:** Act 206

#### **211.24c Notice of increase in tentative state equalized valuation or tentative taxable value; contents; required information and forms; addressing and mailing assessment notice; effect of failure to send or receive assessment notice; calculation of tentative equalized valuation; model assessment notice form; statement; separate statement.**

Sec. 24c. (1) The assessor shall give to each owner or person or persons listed on the assessment roll of the property a notice by first-class mail of an increase in the tentative state equalized valuation or the tentative taxable value for the year. The notice shall specify each parcel of property, the tentative taxable value for the current year, and the taxable value for the immediately preceding year. The notice shall also specify the time and place of the meeting of the board of review. The notice shall also specify the difference between the property's tentative taxable value in the current year and the property's taxable value in the immediately preceding year.

(2) The notice shall include, in addition to the information required by subsection (1), all of the following:

(a) The state equalized valuation for the immediately preceding year.

(b) The tentative state equalized valuation for the current year.

(c) The net change between the tentative state equalized valuation for the current year and the state equalized valuation for the immediately preceding year.

- (d) The classification of the property as defined by section 34c.
- (e) The inflation rate for the immediately preceding year as defined in section 34d.
- (f) A statement provided by the state tax commission explaining the relationship between state equalized valuation and taxable value. If the assessor believes that a transfer of ownership has occurred in the immediately preceding year, the statement shall state that the ownership was transferred and that the taxable value of that property is the same as the state equalized valuation of that property.
- (3) When required by the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532, the assessment notice shall include or be accompanied by information or forms prescribed by the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532.
- (4) The assessment notice shall be addressed to the owner according to the records of the assessor and mailed not less than 14 days before the meeting of the board of review. The failure to send or receive an assessment notice does not invalidate an assessment roll or an assessment on that property.
- (5) The tentative state equalized valuation shall be calculated by multiplying the assessment by the tentative equalized valuation multiplier. If the assessor has made assessment adjustments that would have changed the tentative multiplier, the assessor may recalculate the multiplier for use in the notice.
- (6) The state tax commission shall prepare a model assessment notice form that shall be made available to local units of government.
- (7) The assessment notice under subsection (1) shall include the following statement:  
"If you purchased your principal residence after May 1 last year, to claim the principal residence exemption, if you have not already done so, you are required to file an affidavit before May 1."
- (8) For taxes levied after December 31, 2003, the assessment notice under subsection (1) shall separately state the state equalized valuation and taxable value for any leasehold improvements.

**History:** Add. 1969, Act 115, Imd. Eff. July 29, 1969;—Am. 1976, Act 361, Imd. Eff. Dec. 23, 1976;—Am. 1981, Act 210, Imd. Eff. Dec. 30, 1981;—Am. 1982, Act 539, Eff. Mar. 30, 1983;—Am. 1994, Act 237, Imd. Eff. June 30, 1994;—Am. 1994, Act 415, Imd. Eff. Dec. 29, 1994;—Am. 1996, Act 476, Imd. Eff. Dec. 26, 1996;—Am. 2002, Act 620, Imd. Eff. Dec. 23, 2002;—Am. 2003, Act 105, Imd. Eff. July 24, 2003;—Am. 2003, Act 140, Eff. Jan. 1, 2004;—Am. 2003, Act 247, Imd. Eff. Dec. 29, 2003;—Am. 2010, Act 332, Imd. Eff. Dec. 21, 2010.

**Popular name:** Act 206

#### **211.24d Structures or improvements approved for acquisition by governmental units; exemption; affidavit; false statement; notice of reoccupancy; noncompliance; condition for exemption.**

Sec. 24d. (1) When the occupancy of a structure or improvement approved for acquisition by the appropriate units of local and federal government is subsequently vacated, the real property shall be exempt from ad valorem taxation on the tax day next following the vacation and until the property is acquired by the local public agency, the plan of acquisition is abandoned or the property is reinhabited.

(2) To obtain the exemption, each year the property owner shall file with the local assessing officer an affidavit showing that the property possesses the qualifications for exemption and including his sworn statement that the property is vacant and shall remain vacant during the total tax year. The claim for exemption shall thereafter be open to public inspection.

(3) A person shall not claim or be allowed more than 1 exemption for each such property under this section. The claim for exemption shall thereafter be open to public inspection.

(4) If the owner knowingly makes a false statement on his affidavit he shall be subject to a civil penalty equal to 2 times the taxes the owner would have paid on the property but for the exemption plus interest compounded annually at a rate of 6%.

(5) If the property is reoccupied for any purpose or any period during the tax year for which the exemption is applicable, the owner within 10 days following the date of reoccupancy shall so notify the local assessing officer in writing and shall pay to the treasurer of the local unit an amount equal to the amount of taxes that would have been paid on the property but for the exemption. If the owner fails to comply with this subsection or subsection (6) he shall be subject to the penalty prescribed in subsection (4).

(6) As a condition for the exemption provided in this section, the owner shall render and maintain the property safe from vandalism and from becoming a public nuisance as may reasonably be required by the local assessing officer.

**History:** Add. 1972, Act 283, Imd. Eff. Oct. 25, 1972.

**Popular name:** Act 206

#### **211.24e Definitions; levying ad valorem property taxes for operating purposes; limitation; reduction; approving levy of additional millage rate; change in state equalized valuation of**

**local governmental unit resulting from appeal; insufficiency of additional millage rate; public hearing; notice; establishing proposed additional millage rate before public hearing; calculating reductions in millage rates; amount used for substance abuse treatment programs; distribution to coordinating agency; applicability of section; effect of MCL 380.1211.**

Sec. 24e. (1) As used in this section:

(a) "Additional millage rate" means a millage rate for operating purposes in excess of the millage rate permitted by subsection (2).

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

(c) "Base tax rate" means a millage rate for a local unit of government equal to the dollar amount of taxes levied for operating purposes for the concluding fiscal year from existing property divided by the taxable value of existing property for ad valorem property tax levies for the ensuing fiscal year.

(d) "Concluding fiscal year" means the fiscal year of the taxing unit immediately preceding the fiscal year for which a limitation under this section is applied or calculated.

(e) "Ensuing fiscal year" means the fiscal year of the taxing unit for which a limitation under this section is applied or calculated.

(f) "Existing property" means all property against which ad valorem property taxes were levied by a local unit for its concluding fiscal year, minus all property that is considered losses for purposes of ad valorem property tax levies of the local unit for the ensuing fiscal year.

(g) "Local unit of government" or "taxing unit" means a city, village, township, charter township, county, charter county, local school district, intermediate school district, community college district, or authority.

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

(i) "Operating purposes" means all purposes for which ad valorem property taxes are levied by the taxing unit other than the levy of ad valorem property taxes to provide local school districts revenue that is deposited in a building and site fund, or to pay principal and interest due on a bond or note if and to the extent the ad valorem taxes levied for this purpose are in addition to charter or statutory limitations, as authorized by the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(2) Except as provided by subsection (3), unless the taxing unit complies with section 16 of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.436, the governing body of a taxing unit shall not levy ad valorem property taxes for operating purposes for an ensuing fiscal year of the taxing unit that yield an amount more than the sum of the taxes levied at the base tax rate on additions within the taxing unit for the ensuing fiscal year plus an amount equal to the taxes levied for operating purposes for the concluding fiscal year on existing property. If the taxing unit is a county, for purposes of this calculation the resulting sum shall be reduced by an amount equal to the estimate of the distribution as certified by the state treasurer to be received by the county pursuant to section 10 of the state convention facility development act, 1985 PA 106, MCL 207.630, to the extent that the distribution has been appropriated by the legislature and the estimate has been certified by the state treasurer before the final date on which a county millage rate can be certified for the ensuing year. For purposes of this section, the state treasurer shall certify an amount that is an estimate of the amount to be distributed to each county pursuant to section 10 of the state convention facility development act, 1985 PA 106, MCL 207.630.

(3) Unless the taxing unit complies with section 16 of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.436, a governing body of a taxing unit may approve a levy of an additional millage rate only after providing the notice required by subsections (6) and (9) and holding a public hearing of the governing body as prescribed by subsection (6). To approve the levy of the additional millage rate, the governing body shall adopt a separate resolution or ordinance.

(4) If, as a result of an appeal of county equalization or state equalization, the state equalized valuation of a unit of local government changes, and an incorrect amount of property taxes has been levied, the amount of additional tax revenue or the shortage of tax revenue shall be deducted from or added to the next regular tax levy for that unit of local government after the determination of the rate authorized pursuant to this section. If the legislature makes an appropriation to a county pursuant to section 10 of the state convention facility development act, 1985 PA 106, MCL 207.630, after the final date a county millage rate can be certified for the ensuing year, if an appropriation made pursuant to section 10 of the state convention facility development act, 1985 PA 106, MCL 207.630, is reduced by an executive order, or if the amount of a distribution pursuant to section 10 of the state convention facility development act, 1985 PA 106, MCL 207.630, varies from the estimated amount certified by the state treasurer pursuant to subsection (2), the amount of additional tax revenue or the shortage of tax revenue shall be deducted from or added to the next regularly estimated amount for purposes of the next required calculations under subsections (2) and (11).

(5) If, at any time, the taxing unit determines that the published, proposed additional millage rate or an adopted additional millage rate is insufficient, the taxing unit shall readvertise, hold another public hearing of the governing body, and, if necessary, revoke.

(6) The public hearing of the governing body of a taxing unit required pursuant to subsections (3) and (5) shall be held for the purpose of receiving testimony and discussing a levy of an additional millage rate for its ensuing fiscal year. In addition to satisfying the requirements under the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, the local unit of government or taxing unit shall publish notice of this public hearing in a newspaper of general circulation within the local unit of government or taxing unit. This notice shall be published not less than 6 days before the public hearing and may be jointly published with the notice of the public hearing on the taxing unit's proposed budget as required by section 2 of 1963 (2nd Ex Sess) PA 43, MCL 141.412, if both public hearings are held jointly. This notice shall specify the time, date, and place of the public hearing and shall include, in addition to other pertinent information the local unit of government or taxing unit may elect to include, a statement indicating the proposed additional millage rate, the percentage by which this proposed additional millage rate would increase revenues for operating purposes from ad valorem property tax levies permitted by operation of subsection (2), the percentage of increased revenue from the immediately preceding year that the taxing unit would receive if the additional millage rate is not approved, and that the date and location the taxing unit plans to take action on the proposed resolution or ordinance will be announced at the public hearing. This notice shall also provide a statement that the taxing unit publishing the notice has complete authority to establish the number of mills to be levied from within its authorized millage rate. The notice shall be in not less than 12-point type, shall be preceded by a headline stating "notice of a public hearing on increasing property taxes" which shall be in not less than 18-point type, shall be not less than 8 vertical column inches and 4 horizontal inches, and shall not be placed in that portion of the newspaper reserved for legal notice and classified advertisements.

(7) The proposed additional millage rate, which is required by subsection (6) to be part of the notice of the public hearing, shall be established by a resolution adopted by the governing body of the taxing unit before conducting the public hearing.

(8) Not more than 10 days after a public hearing, a taxing unit may approve the levy of an additional millage rate, but shall not approve an additional millage rate that is greater than a proposed additional millage rate that was published pursuant to subsection (6) and on which the public hearing has been held.

(9) Each local unit shall send timely written notice of the time, date, and place of a public hearing to be held pursuant to this section to all newspapers of general circulation within the local unit.

(10) This section shall not serve to extend or authorize the levy of ad valorem property taxes at a tax rate in excess of the maximum permitted by law, or to prevent the reduction of the tax rate either by action of the governing body of the taxing unit or pursuant to this act, including sections 34 and 34d. Reductions in millage rates that may be required by the compound operation of sections 34 and 34d shall be calculated independently of the tax rate limitation determined by operation of this section.

(11) If the sum of a county's operating property tax levy for the ensuing fiscal year plus the county's distribution to be received pursuant to section 10 of the state convention facility development act, 1985 PA 106, MCL 207.630, exceeds the product of the county's taxable value for the ensuing fiscal year times the greater of the county's base tax rate or concluding fiscal year's operating millage rate, then an amount equal to the lesser of 50% of the excess or 50% of the state convention facility development act distribution shall be used for substance abuse treatment programs within the county. The proceeds received by the taxing unit shall be distributed to the coordinating agency designated for that county pursuant to section 6226 of the public health code, 1978 PA 368, MCL 333.6226, and used only for substance abuse prevention and treatment programs in the county from which the proceeds originated.

(12) Except as provided in subsection (13), this section applies to a fiscal year of a taxing unit for which ad valorem property taxes are levied in 1982 or in any year after 1982. This section does not apply for the ensuing fiscal year of a local unit of government that levied ad valorem property taxes for operating purposes of 1 mill or less for its concluding fiscal year.

(13) This section does not apply to local school districts in 1994.

(14) In 1995, the calculations made pursuant to this section by local school districts shall be made without regard to the exemption provided under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, and the taxable value of property exempt under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, is not considered a loss.

**History:** Add. 1982, Act 5, Imd. Eff. Feb. 9, 1982;—Am. 1986, Act 2, Imd. Eff. Feb. 7, 1986;—Am. 1991, Act 75, Imd. Eff. July 11, 1991;—Am. 1994, Act 253, Imd. Eff. July 5, 1994;—Am. 1995, Act 42, Imd. Eff. May 22, 1995;—Am. 2002, Act 197, Imd. Eff. Apr. 29, 2002.

**Popular name:** Act 206

Rendered Monday, July 7, 2025

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#### **211.24f Proposal authorizing bond issuance or millage rate; ballot; maximum number of elections; submitting single question on renewal and additional millage.**

Sec. 24f. (1) If a taxing unit submits a proposal on the question of authorizing the issuance of bonds, imposing a new millage, or increasing or renewing an existing millage, except an ad valorem special assessment millage for police or fire protection under 1951 PA 33, MCL 41.801 to 41.813, the ballot shall fully disclose each local unit of government to which the revenue from that millage will be disbursed. As used in this subsection:

(a) "Local unit of government" means a county, city, village, township, school district, intermediate school district, community college district, public library, or local authority created under state law.

(b) "Public library" means that term as defined in section 2 of the state aid to public libraries act, 1977 PA 89, MCL 397.552.

(2) In addition to the requirement set forth in subsection (1) and any other requirement provided by law, when submitting a proposal on the question of authorizing a millage rate to be levied under this act, the ballot shall state all of the following:

(a) The millage rate to be authorized.

(b) The estimated amount of revenue that will be collected in the first year that the millage is authorized and levied.

(c) The duration of the millage in years.

(d) A clear statement of the purpose for the millage.

(e) A clear statement indicating whether the proposed millage is a renewal of a previously authorized millage or the authorization of a new additional millage.

(3) In addition to any other requirement provided by law, when submitting a proposal to authorize the issuance of bonds, the ballot shall state all of the following:

(a) The principal amount to be borrowed.

(b) The maximum number of years the bonds may be outstanding, exclusive of any refunding.

(c) A clear statement of the purpose for which the proceeds of the bonds will be used.

(d) For bonds other than bonds that are intended to be paid from a separate revenue source or from taxes levied in less than the entire taxing unit, the estimated millage that will be levied for the proposed bonds in the first year that the levy is authorized and the estimated simple average annual millage that will be required to retire the debt. Inaccuracies in the estimates provided under this subdivision shall not affect the validity of the bonds, the general obligation unlimited tax status requiring the levy of taxes sufficient to pay the bonds, or the results of an election.

(e) For bonds that are intended to be paid from a separate revenue source or from taxes levied in less than the entire taxing unit, the primary source of the revenue that is intended to be used to retire the bonds.

(4) A taxing unit shall hold not more than 2 elections in a calendar year concerning the authorization of a millage rate greater than the product of the immediately preceding year's reduced maximum authorized rate or rates as defined in section 34d(16) multiplied by the current year's millage reduction fraction, regardless of the number of questions presented at the election.

(5) A taxing unit that levies millage under this act shall not submit a single question to the electors of the taxing unit requesting both the renewal of voter authorized millage and the authorization of new additional millage if the additional millage is greater than 0.5 mill. If authorization to levy millage has expired and the taxing unit submits to the electors the authorization of millage greater than the number of expired mills reduced pursuant to the millage reduction in section 34d(11), and if the additional millage is greater than 0.5 mill, the taxing unit shall submit 1 question for authorization of the number of expired mills reduced pursuant to the millage reduction in section 34d(11) and 1 or more additional questions for the authorization of millage in excess of that amount.

**History:** Add. 1993, Act 145, Imd. Eff. Aug. 19, 1993;—Am. 1994, Act 189, Imd. Eff. June 21, 1994;—Am. 1999, Act 248, Eff. Mar. 10, 2000;—Am. 2000, Act 244, Eff. Mar. 28, 2001.

**Popular name:** Act 206

#### **211.25 Description of real property.**

Sec. 25. (1) The description of real property may be as follows:

(a) If the land to be assessed is an entire section, it may be described by the number of the section, township, and range.

(b) If the tract is a subdivision of a section authorized by the United States for the sale of public lands, it may be described by the designation of the subdivision, with the number of the section, township, and range.

(c) If the tract is less than the subdivision, it may be described as a distinct part of the subdivision, or in a

manner as will definitely describe it.

(d) In case of land platted or laid out as a town, city, or village, or as an addition to a town, city, or village, it shall be described by reference to the plat and by the number of the lots and blocks of that town, city, or village.

(e) When 2 or more parcels of land adjoin and belong to the same owner or owners, they may be assessed by 1 valuation if permission is obtained from the owner or owners. The assessing authority shall send a notice of intent to assess the parcels by 1 valuation to the owner or owners. Permission shall be considered obtained if there is no negative response within 30 days following the notice of intent.

(f) It is sufficient to describe the real property assessed upon a roll and in other proceedings under this act in the manner in use by initials, letters, abbreviations, and figures.

(g) In the case of the separate assessment of mineral rights not otherwise exempt under this act, it shall be sufficient to describe those mineral rights as provided in this section followed by the term "mineral rights only", and it shall be sufficient to describe those surface rights, which shall include all other rights in the property except mineral rights, as provided in this section followed by the term "surface rights only".

(2) The descriptions of real property of townships shall be arranged in the following manner:

(a) Acreage descriptions in numerical order of section beginning with section 1 of each township; a surveyed township being listed fully before a description of a second surveyed township, if any, is entered.

Lands included in an unincorporated village may be arranged without separation as to sections within a township.

(b) Government lots in a section shall be listed numerically.

(c) Descriptions listed in a private claim, if more than 1 private claim is located in the same township, the description of each claim shall be listed numerically.

(3) The descriptions of real property of islands shall be arranged and listed either by number or name of island.

**History:** 1893, Act 206, Eff. June 12, 1893;—CL 1897, 3848;—Am. 1915, Act 131, Eff. Aug. 24, 1915;—CL 1915, 4019;—CL 1929, 3413;—Am. 1937, Act 22, Eff. Oct. 29, 1937;—Am. 1941, Act 234, Imd. Eff. June 16, 1941;—Am. 1945, Act 159, Imd. Eff. May 16, 1945;—CL 1948, 211.25;—Am. 1966, Act 288, Imd. Eff. July 12, 1966;—Am. 1973, Act 109, Eff. Dec. 31, 1973;—Am. 2012, Act 409, Imd. Eff. Dec. 20, 2012.

**Popular name:** Act 206

### **211.25a Real estate index number system.**

Sec. 25a. An assessing officer, with the approval of the governing body of the city or township, may establish a real estate index number system for listing real estate for purposes of assessment and collection of taxes, in addition to, or in lieu of, the method of listing by legal description provided in this act. The system shall describe real estate by county, township, section, block and parcel or lot. The numbering system shall be approved by the state tax commission. The assessing officer shall establish and maintain cross indexes of numbers assigned under the system with the complete legal description of the real estate to which such numbers relate. The assessing officer shall assign individual index numbers and the assessment rolls, tax rolls and tax statements shall carry the index numbers and not the legal descriptions, except that both the legal description and the index number shall be shown on the tax statements for the first year after this section is effective. Indexes established hereunder shall be open to public inspection.

**History:** Add. 1965, Act 101, Imd. Eff. June 28, 1965.

**Popular name:** Act 206

### **211.26 Tax roll; description of personal property.**

Sec. 26. The description of personal property on said roll may be made by using the word "personal".

**History:** 1893, Act 206, Eff. June 12, 1893;—CL 1897, 3849;—CL 1915, 4020;—CL 1929, 3414;—CL 1948, 211.26;—Am. 1964, Act 275, Eff. Aug. 28, 1964.

**Popular name:** Act 206

### **211.27 "True cash value" defined; considerations in determining value; indicating exclusions from true cash value on assessment roll; subsection (2) applicable only to residential property; repairs considered normal repairs, replacement, and maintenance; exclusions from real estate sales data; classification as agricultural real property; "present economic income" defined; applicability of subsection (5); "nonprofit cooperative housing corporation" defined; value of transferred property; "purchase price" defined; additional definitions; "standard tool" defined.**

Sec. 27. (1) As used in this act, "true cash value" means the usual selling price at the place where the

property to which the term is applied is at the time of assessment, being the price that could be obtained for the property at private sale, and not at auction sale except as otherwise provided in this section, or at forced sale. The usual selling price may include sales at public auction held by a nongovernmental agency or person if those sales have become a common method of acquisition in the jurisdiction for the class of property being valued. The usual selling price does not include sales at public auction if the sale is part of a liquidation of the seller's assets in a bankruptcy proceeding or if the seller is unable to use common marketing techniques to obtain the usual selling price for the property. A sale or other disposition by this state or an agency or political subdivision of this state of land acquired for delinquent taxes or an appraisal made in connection with the sale or other disposition or the value attributed to the property of regulated public utilities by a governmental regulatory agency for rate-making purposes is not controlling evidence of true cash value for assessment purposes. In determining the true cash value, the assessor shall also consider the advantages and disadvantages of location; quality of soil; zoning; existing use; present economic income of structures, including farm structures; present economic income of land if the land is being farmed or otherwise put to income producing use; quantity and value of standing timber; water power and privileges; minerals, quarries, or other valuable deposits not otherwise exempt under this act known to be available in the land and their value. In determining the true cash value of personal property owned by an electric utility cooperative, the assessor shall consider the number of kilowatt hours of electricity sold per mile of distribution line compared to the average number of kilowatt hours of electricity sold per mile of distribution line for all electric utilities.

(2) The assessor shall not consider the increase in true cash value that is a result of expenditures for normal repairs, replacement, and maintenance in determining the true cash value of property for assessment purposes until the property is sold. For the purpose of implementing this subsection, the assessor shall not increase the construction quality classification or reduce the effective age for depreciation purposes, except if the appraisal of the property was erroneous before nonconsideration of the normal repair, replacement, or maintenance, and shall not assign an economic condition factor to the property that differs from the economic condition factor assigned to similar properties as defined by appraisal procedures applied in the jurisdiction. The increase in value attributable to the items included in subdivisions (a) to (q) that is known to the assessor and excluded from true cash value must be indicated on the assessment roll. This subsection applies only to residential property. The following repairs are considered normal maintenance if they are not part of a structural addition or completion:

- (a) Outside painting.
- (b) Repairing or replacing siding, roof, porches, steps, sidewalks, or drives.
- (c) Repainting, repairing, or replacing existing masonry.
- (d) Replacing awnings.
- (e) Adding or replacing gutters and downspouts.
- (f) Replacing storm windows or doors.
- (g) Insulating or weatherstripping.
- (h) Complete rewiring.
- (i) Replacing plumbing and light fixtures.
- (j) Replacing a furnace with a new furnace of the same type or replacing an oil or gas burner.
- (k) Repairing plaster, inside painting, or other redecorating.
- (l) New ceiling, wall, or floor surfacing.
- (m) Removing partitions to enlarge rooms.
- (n) Replacing an automatic hot water heater.
- (o) Replacing dated interior woodwork.
- (p) Installing, replacing, or repairing an alternative energy system, without regard to ownership of the system, with a generating capacity of not more than 150 kilowatts, the annual energy output of which does not exceed the annual energy consumption measured by the utility-provided electrical meter on the system to which it is connected. As used in this subdivision, "alternative energy system" means that term as defined in section 2 of the Michigan next energy authority act, 2002 PA 593, MCL 207.822.
- (q) Installing, replacing, or repairing a whole-home generator.

(3) A city or township assessor, a county equalization department, or the state tax commission before utilizing real estate sales data on real property purchases, including purchases by land contract, to determine assessments or in making sales ratio studies to assess property or equalize assessments shall exclude from the sales data the following amounts allowed by subdivisions (a), (b), and (c) to the extent that the amounts are included in the real property purchase price and are so identified in the real estate sales data or certified to the assessor as provided in subdivision (d):

- (a) Amounts paid for obtaining financing of the purchase price of the property or the last conveyance of the property.



(b) Amounts attributable to personal property that were included in the purchase price of the property in the last conveyance of the property.

(c) Amounts paid for surveying the property pursuant to the last conveyance of the property. The legislature may require local units of government, including school districts, to submit reports of revenue lost under subdivisions (a) and (b) and this subdivision so that the state may reimburse those units for that lost revenue.

(d) The purchaser of real property, including a purchaser by land contract, may file with the assessor of the city or township in which the property is located 2 copies of the purchase agreement or of an affidavit that identifies the amount, if any, for each item listed in subdivisions (a) to (c). The assessor shall forward 1 copy to the county equalization department. The affidavit must be as prescribed by the state tax commission.

(4) In finalizing sales studies for property classified as agricultural real property under section 34c, an assessor and equalization director shall determine if an affidavit for the property has been filed under section 27a(7)(o). If an affidavit has not been filed, the property must be reviewed to determine if classification as agricultural real property under section 34c is correct or should be changed. The assessor for the local tax collecting unit in which the property is located shall contact the property owner to determine why the property owner did not file an affidavit under section 27a(7)(o). Unless there are convincing facts to the contrary, the sale of property classified as agricultural real property under section 34c for which an affidavit under section 27a(7)(o) has not been filed must not be included in a sales study.

(5) As used in subsection (1), "present economic income" means for leased or rented property the ordinary, general, and usual economic return realized from the lease or rental of property negotiated under current, contemporary conditions between parties equally knowledgeable and familiar with real estate values. The actual income generated by the lease or rental of property is not the controlling indicator of its true cash value in all cases. This subsection does not apply to property subject to a lease entered into before January 1, 1984 for which the terms of the lease governing the rental rate or tax liability have not been renegotiated after December 31, 1983. This subsection does not apply to a nonprofit housing cooperative subject to regulatory agreements between the state or federal government entered into before January 1, 1984. As used in this subsection, "nonprofit cooperative housing corporation" means a nonprofit cooperative housing corporation that is engaged in providing housing services to its stockholders and members and that does not pay dividends or interest upon stock or membership investment but that does distribute all earnings to its stockholders or members.

(6) Except as otherwise provided in subsection (7), the purchase price paid in a transfer of property is not the presumptive true cash value of the property transferred. In determining the true cash value of transferred property, an assessing officer shall assess that property using the same valuation method used to value all other property of that same classification in the assessing jurisdiction. As used in this subsection and subsection (7), "purchase price" means the total consideration agreed to in an arms-length transaction and not at a forced sale paid by the purchaser of the property, stated in dollars, whether or not paid in dollars.

(7) For a transfer of eligible nonprofit housing property from a charitable nonprofit housing organization to a low-income person that occurs after December 31, 2010 through December 30, 2021, the purchase price paid is the presumptive true cash value of the eligible nonprofit housing property transferred. For a transfer of eligible nonprofit housing property from a charitable nonprofit housing organization to a low-income person that occurs on or after December 31, 2021, the loan amount stated in the closing disclosure form for the transfer is the presumptive true cash value of the eligible nonprofit housing property transferred. In the year immediately succeeding the year in which the transfer of eligible nonprofit housing property occurs and each year thereafter, the taxable value of the eligible nonprofit housing property must be adjusted as provided under section 27a. As used in this subsection:

(a) "Charitable nonprofit housing organization" means a charitable nonprofit organization the primary purpose of which is the construction or renovation of residential housing for conveyance to a low-income person.

(b) "Eligible nonprofit housing property" means property owned by a charitable nonprofit housing organization, the ownership of which the charitable nonprofit housing organization intends to transfer to a low-income person after construction or renovation of the property is completed.

(c) "Family income" and "statewide median gross income" mean those terms as defined in section 11 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.

(d) "Low-income person" means a person with a family income of not more than 80% of the statewide median gross income who is eligible to participate in the charitable nonprofit housing organization's program based on criteria established by the charitable nonprofit housing organization.

(8) For purposes of a statement submitted under section 19, the true cash value of a standard tool is the net book value of that standard tool as of December 31 in each tax year as determined using generally accepted

accounting principles in a manner consistent with the established depreciation method used by the person submitting that statement. The net book value of a standard tool for federal income tax purposes is not the presumptive true cash value of that standard tool. As used in this subsection, "standard tool" means that term as defined in section 9b.

**History:** 1893, Act 206, Eff. June 12, 1893;—CL 1897, 3850;—CL 1915, 4021;—CL 1929, 3415;—CL 1948, 211.27;—Am. 1951, Act 210, Eff. Sept. 28, 1951;—Am. 1964, Act 275, Eff. Aug. 28, 1964;—Am. 1965, Act 409, Imd. Eff. Nov. 3, 1965;—Am. 1969, Act 276, Imd. Eff. Aug. 11, 1969;—Am. 1973, Act 109, Eff. Dec. 31, 1973;—Am. 1976, Act 293, Imd. Eff. Oct. 26, 1976;—Am. 1976, Act 411, Imd. Eff. Jan. 9, 1977;—Am. 1978, Act 25, Imd. Eff. Feb. 21, 1978;—Am. 1982, Act 539, Eff. Mar. 30, 1983;—Am. 1983, Act 254, Imd. Eff. Dec. 29, 1983;—Am. 1985, Act 200, Imd. Eff. Dec. 27, 1985;—Am. 1989, Act 283, Imd. Eff. Dec. 26, 1989;—Am. 1994, Act 415, Imd. Eff. Dec. 29, 1994;—Am. 2002, Act 744, Imd. Eff. Dec. 30, 2002;—Am. 2003, Act 274, Imd. Eff. Jan. 8, 2004;—Am. 2010, Act 340, Imd. Eff. Dec. 21, 2010;—Am. 2012, Act 409, Imd. Eff. Dec. 20, 2012;—Am. 2013, Act 162, Imd. Eff. Nov. 12, 2013;—Am. 2019, Act 116, Imd. Eff. Nov. 15, 2019;—Am. 2022, Act 156, Imd. Eff. July 19, 2022;—Am. 2022, Act 240, Imd. Eff. Dec. 14, 2022.

**Constitutionality:** For the purpose of assessing taxes on real property, to the extent that creative financing represents something of value either to a seller or a buyer, it is not part of the real property, and cannot be included in the determination of the true cash value of the property. Washtenaw County v State Tax Commission, 422 Mich 346; 373 NW2d 697 (1985).

**Popular name:** Act 206

### **211.27a Property tax assessment; determining taxable value; adjustment; exception; "transfer of ownership" defined; qualified agricultural property; notice of transfer of property; notification of recorded transaction; definitions.**

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

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

(a) The property's taxable value in the immediately preceding year minus any losses, multiplied by the lesser of 1.05 or the inflation rate, plus all additions. For taxes levied in 1995, the property's taxable value in the immediately preceding year is the property's state equalized valuation in 1994.

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

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

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

(5) Assessment of property, as required in this section and section 27, is inapplicable to the assessment of property subject to the levy of ad valorem taxes within voted tax limitation increases to pay principal and interest on limited tax bonds issued by any governmental unit, including a county, township, community college district, or school district, before January 1, 1964, if the assessment required to be made under this act would be less than the assessment as state equalized prevailing on the property at the time of the issuance of the bonds. This inapplicability continues until levy of taxes to pay principal and interest on the bonds is no longer required. The assessment of property required by this act applies for all other purposes.

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

(a) A conveyance by deed.

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

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

(i) If the settlor or the settlor's spouse, or both, conveys the property to the trust and the sole present beneficiary or beneficiaries are the settlor or the settlor's spouse, or both.

(ii) Beginning December 31, 2014, for residential real property, if the settlor or the settlor's spouse, or both, conveys the residential real property to the trust and the sole present beneficiary or beneficiaries are the settlor's or the settlor's spouse's mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter and the residential real property is not used for any commercial purpose following the conveyance. Upon request by the department of treasury or the assessor, the sole present beneficiary or beneficiaries shall furnish proof within 30 days that the sole present beneficiary or beneficiaries meet the requirements of this subparagraph. If a present beneficiary fails to comply with a request by the department of treasury or assessor under this subparagraph, that present beneficiary is subject to a fine of \$200.00.

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

(i) If the distributee is the sole present beneficiary or the spouse of the sole present beneficiary, or both.

(ii) Beginning December 31, 2014, a distribution of residential real property if the distributee is the settlor's or the settlor's spouse's mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter and the residential real property is not used for any commercial purpose following the conveyance. Upon request by the department of treasury or the assessor, the sole present beneficiary or beneficiaries shall furnish proof within 30 days that the sole present beneficiary or beneficiaries meet the requirements of this subparagraph. If a present beneficiary fails to comply with a request by the department of treasury or assessor under this subparagraph, that present beneficiary is subject to a fine of \$200.00.

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

(i) A change that adds or substitutes the spouse of the sole present beneficiary.

(ii) Beginning December 31, 2014, for residential real property, a change that adds or substitutes the settlor's or the settlor's spouse's mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter and the residential real property is not used for any commercial purpose following the conveyance. Upon request by the department of treasury or the assessor, the sole present beneficiary or beneficiaries shall furnish proof within 30 days that the sole present beneficiary or beneficiaries meet the requirements of this subparagraph. If a present beneficiary fails to comply with a request by the department of treasury or assessor under this subparagraph, that present beneficiary is subject to a fine of \$200.00.

(f) A conveyance by distribution under a will or by intestate succession, except under any of the following conditions:

(i) If the distributee is the decedent's spouse.

(ii) Beginning December 31, 2014, for residential real property, if the distributee is the decedent's or the decedent's spouse's mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter and the residential real property is not used for any commercial purpose following the conveyance. Upon request by the department of treasury or the assessor, the sole present beneficiary or beneficiaries shall furnish proof within 30 days that the sole present beneficiary or beneficiaries meet the requirements of this subparagraph. If a present beneficiary fails to comply with a request by the department of treasury or assessor under this subparagraph, that present beneficiary is subject to a fine of \$200.00.

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

(h) Except as otherwise provided in this subdivision, a conveyance of an ownership interest in a corporation, partnership, sole proprietorship, limited liability company, limited liability partnership, or other legal entity if the ownership interest conveyed is more than 50% of the corporation, partnership, sole proprietorship, limited liability company, limited liability partnership, or other legal entity. Unless notification is provided under subsection (10), the corporation, partnership, sole proprietorship, limited liability company, limited liability partnership, or other legal entity shall notify the assessing officer on a form provided by the state tax commission not more than 45 days after a conveyance of an ownership interest that constitutes a transfer of ownership under this subdivision. Both of the following apply to a corporation subject to 1897 PA 230, MCL 455.1 to 455.24:

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

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

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

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

(k) Notwithstanding the provisions of section 7ee(5), at the request of a property owner, an assessor's establishment of a separate tax parcel for a portion of a parcel that ceases to be qualified agricultural property but is not subject to a land division under the land division act, 1967 PA 288, MCL 560.101 to 560.293, or any local ordinance. For purposes of this subdivision, a transfer of ownership occurs only as to that portion of the parcel established as a separate tax parcel and only that portion shall have its taxable value adjusted under subsection (3) and shall be subject to the recapture tax provided for under the agricultural property recapture act, 2000 PA 261, MCL 211.1001 to 211.1007. The adjustment under subsection (3) shall be made as of the December 31 in the year that the portion of the parcel established as a separate tax parcel ceases to be qualified agricultural property. A portion of a parcel subject to this subdivision is considered a separate tax parcel only for those purposes described in this subdivision.

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

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

(b) A transfer from a husband, a wife, or a married couple creating or disjoining a tenancy by the entireties in the grantors or the grantor and his or her spouse.

(c) Subject to subdivision (d), a transfer of that portion of property subject to a life estate or life lease retained by the transferor, until expiration or termination of the life estate or life lease. That portion of property transferred that is not subject to a life lease shall be adjusted under subsection (3).

(d) Beginning December 31, 2014, a transfer of that portion of residential real property that had been subject to a life estate or life lease retained by the transferor resulting from expiration or termination of that life estate or life lease, if the transferee is the transferor's or transferor's spouse's mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter and the residential real property is not used for any commercial purpose following the transfer. Upon request by the department of treasury or the assessor, the transferee shall furnish proof within 30 days that the transferee meets the requirements of this subdivision. If a transferee fails to comply with a request by the department of treasury or assessor under this subdivision, that transferee is subject to a fine of \$200.00.

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

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

(g) A conveyance to a trust if the settlor or the settlor's spouse, or both, conveys the property to the trust and any of the following conditions are satisfied:

(i) If the sole present beneficiary of the trust is the settlor or the settlor's spouse, or both.

(ii) Beginning December 31, 2014, for residential real property, if the sole present beneficiary of the trust is the settlor's or the settlor's spouse's mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter and the residential real property is not used for any commercial purpose following the conveyance. Upon request by the department of treasury or the assessor, the sole present beneficiary or beneficiaries shall furnish proof within 30 days that the sole present beneficiary or beneficiaries meet the requirements of this subparagraph. If a present beneficiary fails to comply with a request by the department of treasury or assessor under this subparagraph, that present beneficiary is subject to a fine of \$200.00.

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

(i) A transfer creating or terminating a joint tenancy between 2 or more persons if at least 1 of the persons was an original owner of the property before the joint tenancy was initially created and, if the property is held as a joint tenancy at the time of conveyance, at least 1 of the persons was a joint tenant when the joint tenancy was initially created and that person has remained a joint tenant since the joint tenancy was initially created. A joint owner at the time of the last transfer of ownership of the property is an original owner of the property.



For purposes of this subdivision, a person is an original owner of property owned by that person's spouse.

(j) A transfer for security or an assignment or discharge of a security interest.

(k) A transfer of real property or other ownership interests among members of an affiliated group. As used in this subsection, "affiliated group" means 1 or more corporations connected by stock ownership to a common parent corporation. Upon request by the state tax commission, a corporation shall furnish proof within 45 days that a transfer meets the requirements of this subdivision. A corporation that fails to comply with a request by the state tax commission under this subdivision is subject to a fine of \$200.00.

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

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

(n) A direct or indirect transfer of real property or other ownership interests resulting from a transaction that qualifies as a tax-free reorganization under section 368 of the internal revenue code, 26 USC 368. Upon request by the state tax commission, a property owner shall furnish proof within 45 days that a transfer meets the requirements of this subdivision. A property owner who fails to comply with a request by the state tax commission under this subdivision is subject to a fine of \$200.00.

(o) Except as provided in subsection (6)(k), a transfer of qualified agricultural property, if the person to whom the qualified agricultural property is transferred files an affidavit with the assessor of the local tax collecting unit in which the qualified agricultural property is located and with the register of deeds for the county in which the qualified agricultural property is located attesting that the qualified agricultural property will remain qualified agricultural property. The affidavit under this subdivision shall be in a form prescribed by the department of treasury. An owner of qualified agricultural property shall inform a prospective buyer of that qualified agricultural property that the qualified agricultural property is subject to the recapture tax provided in the agricultural property recapture act, 2000 PA 261, MCL 211.1001 to 211.1007, if the qualified agricultural property is converted by a change in use, as that term is defined in section 2 of the agricultural property recapture act, 2000 PA 261, MCL 211.1002. If property ceases to be qualified agricultural property at any time after a transfer subject to this subdivision, all of the following shall occur:

(i) The taxable value of that property, or, if subsection (6)(k) applies, a portion of it established as a separate tax parcel, shall be adjusted under subsection (3) as of the December 31 in the year that the property, or, if subsection (6)(k) applies, a portion of it established as a separate tax parcel, ceases to be qualified agricultural property.

(ii) The property, or, if subsection (6)(k) applies, a portion of it established as a separate tax parcel, is subject to the recapture tax provided for under the agricultural property recapture act, 2000 PA 261, MCL 211.1001 to 211.1007.

(p) A transfer of qualified forest property, if the person to whom the qualified forest property is transferred files a qualified forest taxable value affidavit with the assessor of the local tax collecting unit in which the qualified forest property is located and with the register of deeds for the county in which the qualified forest property is located attesting that the qualified forest property will remain qualified forest property. The qualified forest taxable value affidavit under this subdivision shall be in a form prescribed by the department of agriculture and rural development. The qualified forest taxable value affidavit shall include a legal description of the qualified forest property, the name of the new property owner, the year the transfer of the property occurred, a statement indicating that the property owner is attesting that the property for which the exemption is claimed is qualified forest property and will be managed according to the approved forest management plan, and any other information pertinent to the parcel and the property owner. The property owner shall provide a copy of the qualified forest taxable value affidavit to the department. The department shall provide 1 copy of the qualified forest taxable value affidavit to the local tax collecting unit, 1 copy to the conservation district, and 1 copy to the department of treasury. These copies may be sent electronically. The exception to the recognition of a transfer of ownership, as herein stated, extends to the land only of the qualified forest property. If qualified forest property is improved by buildings, structures, or land improvements, then those improvements shall be recognized as a transfer of ownership, in accordance with the provisions of section 7jj[1]. An owner of qualified forest property shall inform a prospective buyer of that qualified forest property that the qualified forest property is subject to the recapture tax provided in the



qualified forest property recapture tax act, 2006 PA 379, MCL 211.1031 to 211.1036, if the qualified forest property is converted by a change in use, as that term is defined in section 2 of the qualified forest property recapture tax act, 2006 PA 379, MCL 211.1032. If property ceases to be qualified forest property at any time after being transferred, all of the following shall occur:

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

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

(iii) Beginning June 1, 2013 and ending November 30, 2013, owners of property enrolled as qualified forest property before January 1, 2013 may execute a new qualified forest taxable value affidavit with the department of agriculture and rural development. If a landowner elects to execute a qualified forest taxable value affidavit, that owner is not required to pay the \$50.00 fee required under section 7jj[1](2). If a landowner elects not to execute a qualified forest taxable value affidavit, the existing affidavit shall be rescinded, without subjecting the property to the recapture tax provided for under the qualified forest property recapture tax act, 2006 PA 379, MCL 211.1031 to 211.1036, and the taxable value of that property shall be adjusted under subsection (3).

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

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

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

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

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

(t) Beginning December 31, 2013 through December 30, 2014, a transfer of residential real property if the transferee is related to the transferor by blood or affinity to the first degree and the use of the residential real property does not change following the transfer.

(u) Beginning December 31, 2014, a transfer of residential real property if the transferee is the transferor's or the transferor's spouse's mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter and the residential real property is not used for any commercial purpose following the conveyance. Upon request by the department of treasury or the assessor, the transferee shall furnish proof within 30 days that the transferee meets the requirements of this subdivision. If a transferee fails to comply with a request by the department of treasury or assessor under this subdivision, that transferee is subject to a fine of \$200.00.

(v) Beginning December 31, 2014, for residential real property, a conveyance from a trust if the person to whom the residential real property is conveyed is the settlor's or the settlor's spouse's mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter and the residential real property is not used for any commercial purpose following the conveyance. Upon request by the department of treasury or the assessor, the sole present beneficiary or beneficiaries shall furnish proof within 30 days that the sole present beneficiary or beneficiaries meet the requirements of this subdivision. If a present beneficiary fails to comply with a request by the department of treasury or assessor under this subdivision, that present beneficiary is subject to a fine of \$200.00.

(w) Beginning on March 31, 2015, a conveyance of land by distribution under a will or trust or by intestate succession, but not buildings or structures located on the land, which meets 1 or more of the following requirements:

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

(ii) The land or an interest in the land is made eligible for a deduction as a qualified conservation

contribution under section 170(h) of the internal revenue code, 26 USC 170, prior to the conveyance by distribution under a will or trust or by intestate succession.

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

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

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

(b) The owner of the qualified agricultural property files an affidavit with the assessor of the local tax collecting unit under subsection (7)(o).

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

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

(11) As used in this section:

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

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

(c) "Commercial purpose" means used in connection with any business or other undertaking intended for profit, but does not include the rental of residential real property for a period of less than 15 days in a calendar year.

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

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

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

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

(h) "Residential real property" means real property classified as residential real property under section 34c.

**History:** Add. 1982, Act 539, Eff. Mar. 30, 1983;—Am. 1993, Act 145, Imd. Eff. Aug. 19, 1993;—Am. 1993, Act 313, Eff. Mar. 15, 1994;—Am. 1994, Act 415, Imd. Eff. Dec. 29, 1994;—Am. 1996, Act 476, Imd. Eff. Dec. 26, 1996;—Am. 2000, Act 260, Eff. Mar. 28, 2001;—Am. 2005, Act 23, Imd. Eff. May 23, 2005;—Am. 2006, Act 378, Imd. Eff. Sept. 27, 2006;—Am. 2006, Act 446, Imd. Eff. Dec. 8, 2006;—Am. 2008, Act 506, Imd. Eff. Jan. 13, 2009;—Am. 2012, Act 47, Imd. Eff. Mar. 13, 2012;—Am. 2012, Act 497, Imd. Eff. Dec. 28, 2012;—Am. 2013, Act 50, Imd. Eff. June 6, 2013;—Am. 2014, Act 310, Imd. Eff. Oct. 10, 2014;—Am. 2014, Act 535, Eff. Mar. 31, 2015;—Am. 2015, Act 19, Imd. Eff. Apr. 29, 2015;—Am. 2015, Act 243, Imd. Eff. Dec. 22, 2015;—Am. 2016, Act 375, Imd. Eff. Dec. 22, 2016.

**Popular name:** Act 206

**Compiler's note:** Enacting section 1 of Act 243 of 2015 provides:

"Enacting section 1. Section 27a(7)(d) of the general property tax act, 1893 PA 206, MCL 211.27a, as added by this amendatory act, is retroactive and is effective for taxes levied after December 31, 2014."

## **211.27b Failure to notify assessing office; adjustment; taxes, interest, and penalties; personal liability.**

Sec. 27b. (1) If the buyer, grantee, or other transferee in the immediately preceding transfer of ownership of property does not notify the appropriate assessing office as required by section 27a(10), the property's taxable value must be adjusted under section 27a(3) and, subject to subsection (9), all of the following must be levied:

(a) Any additional taxes that would have been levied if the transfer of ownership had been recorded as required under this act from the date of transfer.

(b) Interest and penalty from the date the tax would have been originally levied.

(c) For property classified under section 34c as either industrial real property or commercial real property, a penalty in the following amount:

(i) Except as otherwise provided in subparagraph (ii), if the sale price of the property transferred is \$100,000,000.00 or less, \$20.00 per day for each separate failure beginning after the 45 days have elapsed, up to a maximum of \$1,000.00.

(ii) If the sale price of the property transferred is more than \$100,000,000.00, \$20,000.00 after the 45 days have elapsed. However, if the appropriate assessing office determines that the failure to notify the assessing office within 45 days after the property's transfer of ownership was due to reasonable cause and not the willful neglect of the buyer, grantee, or other transferee, the penalty under subparagraph (i) must be imposed. If the appropriate assessing office makes a determination that the failure to notify the assessing office within 45 days after the property's transfer of ownership was a result of the willful neglect of the buyer, grantee, or other transferee, that assessing office shall promptly send that buyer, grantee, or other transferee written notice, by certified mail, of that determination. A buyer, grantee, or other transferee who is assessed the penalty under this subparagraph may appeal that determination to the Michigan tax tribunal.

(d) For real property other than real property classified under section 34c as industrial real property or commercial real property, a penalty of \$5.00 per day for each separate failure beginning after the 45 days have elapsed, up to a maximum of 1 of the following, as applicable:

(i) For property owned and occupied as a principal residence, \$200.00. As used in this subparagraph, "principal residence" means that term as defined in section 7dd.

(ii) For all other property, \$4,000.00.

(2) The appropriate assessing officer shall certify for collection to the treasurer of the local tax collecting unit if the local tax collecting unit has possession of the tax roll or the county treasurer if the county has possession of the tax roll any additional taxes due under subsection (1)(a) and any penalty due under subsection (1)(c) or (d).

(3) The treasurer of the local tax collecting unit if the local tax collecting unit has possession of the tax roll or the county treasurer if the county has possession of the tax roll shall collect any taxes, interest, and penalty due pursuant to this section, and shall immediately prepare and submit a corrected tax bill for any additional taxes due under subsection (1)(a) and any interest and penalty due under subsection (1)(b). A penalty due under subsection (1)(c) or (d) may be collected with the immediately succeeding regular tax bill.

(4) Any taxes, interest, and penalty collected pursuant to subsection (1)(a) and (b) must be distributed in the same manner as other delinquent taxes, interest, and penalties are distributed under this act. Any penalty collected under subsection (1)(c) or (d) must be distributed to the local tax collecting unit.

(5) The governing body of a local tax collecting unit may waive, by resolution, the penalty levied under subsection (1)(c) or (d).

(6) If the taxable value of property is increased under this section, the appropriate assessing officer shall immediately notify by first-class mail the owner of that property of that increase in taxable value. A buyer, grantee, or other transferee may appeal any increase in taxable value or the levy of any additional taxes, interest, and penalties under subsection (1) to the Michigan tax tribunal within 35 days of receiving the notice of the increase in the property's taxable value. An appeal under this subsection is limited to the issues of whether a transfer of ownership has occurred and correcting arithmetic errors. A dispute regarding the valuation of the property is not a basis for appeal under this subsection.

(7) If the taxable value of property is adjusted under subsection (1), the assessing officer making the adjustment shall file an affidavit with all officials responsible for determining assessment figures, rate of taxation, or mathematical calculations for that property within 30 days of the date the adjustment is made. The affidavit must state the amount of the adjustment and the amount of additional taxes levied. The officials with whom the affidavit is filed shall correct all official records for which they are responsible to reflect the adjustment and levy.

(8) Notification of a transfer of ownership provided as required under section 27a(10) or a levy of additional taxes, interest, and penalty under this section must not be considered a determination of or evidence of the classification of the property transferred as real or personal property.

(9) The levy described in subsection (1) is a lien against the property only if the property is still owned by the buyer, grantee, or other transferee that failed to notify the appropriate assessing office as required by section 27a(10). If the property has subsequently been transferred to a buyer, grantee, or other transferee who did notify the appropriate assessing office as required by section 27a(10), the amounts described in subsection (1)(a) to (d) must not be levied on the property and must instead be treated as the personal liability of the prior

buyer, grantee, or other transferee that failed to notify the appropriate assessing office as required by section 27a(10) of the prior transfer. Subject to subsection (10), the official described in subsection (3) shall collect those amounts and distribute them in the manner described in subsection (4). The governing body of a local tax collecting unit may waive, by resolution, the personal liability of the prior buyer, grantee, or other transferee for the amounts described in subsection (1)(c) or (d).

(10) The state treasurer, or an authorized representative of the state treasurer, shall serve as the collection agent for the amounts described in subsection (1)(a) to (d), when those amounts are treated as a personal liability as described in subsection (9), upon the request of the official described in subsection (3). The state shall retain up to 20% of any amounts recovered for its collection fee. The state treasurer, or an authorized representative of the state treasurer, shall distribute the recovered amounts, net of collection fees, to the official making the request. The recovered amounts received by the official described in subsection (3) must be distributed in the manner described in subsection (4). The state treasurer, or an authorized representative of the state treasurer, shall administer collections described in this subsection under section 25 of 1941 PA 122, MCL 205.25.

**History:** Add. 1994, Act 415, Imd. Eff. Dec. 29, 1994;—Am. 1996, Act 476, Imd. Eff. Dec. 26, 1996;—Am. 2012, Act 382, Imd. Eff. Dec. 19, 2012;—Am. 2024, Act 97, Eff. Apr. 2, 2025.

**Popular name:** Act 206

#### **211.27c Failure to notify assessing office; action to be taken by taxing unit.**

Sec. 27c. If the buyer, grantee, or other transferee in any preceding transfer of ownership of property does not notify the appropriate assessing office as required by section 27a(8), a taxing unit may sue that buyer, grantee, or other transferee as provided in section 47 for all of the following:

(a) Any additional taxes that would have been levied if the transfer of ownership had been recorded as required under this act from the date of transfer.

(b) Interest and penalty from the date the tax would have been originally levied.

(c) A penalty of \$5.00 per day for each separate failure beginning after the 45 days have elapsed, up to a maximum of \$200.00.

**History:** Add. 1996, Act 476, Imd. Eff. Dec. 26, 1996.

**Popular name:** Act 206

#### **211.27d Report by county equalization director.**

Sec. 27d. Not later than the fourth Monday in June in each year, the county equalization director for each county shall report all of the following to the state tax commission on a form prepared by the state tax commission:

(a) Total taxable value of all property in the county as of the fourth Monday in May in that year.

(b) Taxable value for each separately equalized class of property.

(c) Total taxable value of all property in the county for which a principal residence exemption is granted under section 7cc or a qualified agricultural property exemption is granted under section 7ee.

(d) Total taxable value of all property in the county for which a principal residence exemption has not been granted under section 7cc and a qualified agricultural property exemption has not been granted under section 7ee.

**History:** Add. 1996, Act 476, Imd. Eff. Dec. 26, 1996;—Am. 2003, Act 140, Eff. Jan. 1, 2004.

**Popular name:** Act 206

#### **211.27e Reports; transmission of information from affidavits; definitions.**

Sec. 27e. (1) Not later than June 5, 2014, the assessor for each city and township shall report to the county equalization director all of the following:

(a) The 2013 taxable value of commercial personal property and industrial personal property for each municipality in the city or township.

(b) The 2014 taxable value of commercial personal property and industrial personal property for each municipality in the city or township.

(c) The small taxpayer exemption loss for each municipality in the city or township.

(2) Not later than June 20, 2014, the equalization director for each county shall report to the department the information described in subsection (1) for each municipality in the county. For each municipality levying a millage in more than 1 county, the county equalization director responsible for compiling the municipality's taxable value under section 34d shall compile the municipality's information described in subsection (1).

(3) Not later than August 15, 2014, each municipality shall report to the department the millage rate levied or to be levied that year for a millage described in the definition of debt loss or school debt loss. For 2014, the

rate of that millage shall be calculated using the sum of the municipality's taxable value and the municipality's small taxpayer exemption loss. For 2014, the department shall calculate each municipality's debt loss or school debt loss by multiplying the municipality's millage rate reported under this subsection by the municipality's small taxpayer exemption loss.

(4) The assessor for each city and township shall transmit to the department as prescribed by the department information from the affidavits filed under sections 9m and 9n.

(5) As used in this section, "commercial personal property", "debt loss", "industrial personal property", "municipality", "school debt loss", "small taxpayer exemption loss", and "taxable value" mean those terms as defined in the local community stabilization authority act.

**History:** Add. 2014, Act 87, Imd. Eff. Apr. 1, 2014.

**Compiler's note:** Enacting section 1 of Act 87 of 2014 provides:

"Enacting section 1. The exclusion of generation, transmission, or distribution of electricity for sale from the definition of "industrial processing" under this amendatory act is not intended to affect any other provision of Michigan law or impact the decision in *Detroit Edison Company v Department of Treasury*, court of appeals docket no. 309732."

**Popular name:** Act 206