

SENATE BILL No. 540

September 7, 2017, Introduced by Senator SCHUITMAKER and referred to the Committee on Local Government.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 27a (MCL 211.27a), as amended by 2016 PA 375.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

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

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

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

24 (5) Assessment of property, as required in this section and
25 section 27, is inapplicable to the assessment of property subject
26 to the levy of ad valorem taxes within voted tax limitation
27 increases to pay principal and interest on limited tax bonds issued

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

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

15 (a) A conveyance by deed.

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

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

25 (i) If the ~~settlor~~**TRANSFEROR** or the ~~settlor's~~**TRANSFEROR'S**
26 spouse, or both, conveys the property to the trust and the sole
27 present beneficiary or beneficiaries are the ~~settlor~~**TRANSFEROR** or

1 the ~~settlor's~~ **TRANSFEROR'S** spouse, or both.

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

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

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

26 (ii) Beginning December 31, 2014, a distribution of
 27 residential real property if the distributee is the ~~settlor's~~ or

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

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

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

22 (ii) Beginning December 31, 2014, for residential real
 23 property, a change that adds or substitutes the ~~settlor's or the~~
 24 ~~settlor's spouse's~~ mother, father, brother, sister, son, daughter,
 25 adopted son, adopted daughter, grandson, or granddaughter ~~and~~ **OF A**
 26 **SOLE PRESENT BENEFICIARY OR BENEFICIARIES, OR OF THE SPOUSE OF A**
 27 **SOLE PRESENT BENEFICIARY OR BENEFICIARIES, OR ADDS OR SUBSTITUTES 1**

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

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

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

23 (ii) Beginning December 31, 2014, for residential real
 24 property, if the ~~distributee~~ **TRANSFEREE** is the decedent's or the
 25 decedent's spouse's mother, father, brother, sister, son, daughter,
 26 adopted son, adopted daughter, grandson, or granddaughter, ~~and~~ **OR**
 27 **IS 1 OR MORE OF THESE INDIVIDUALS, OR IS A TRUST AND THE SOLE**

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

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

(h) Except as otherwise provided in this subdivision **AND**
SUBSECTION (7), a conveyance **OR SUCCESSIVE CONVEYANCES** 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 **ON A CUMULATIVE BASIS SINCE THE DATE TAXABLE VALUE WAS**
FIRST ESTABLISHED FOR TAXES LEVIED IN 1995 UNDER SUBSECTION (2) OR
THE DATE THAT TAXABLE VALUE WAS LAST ADJUSTED UNDER SUBSECTION (3),
WHICHEVER DATE IS LATER, is more than 50% of the **TOTAL OWNERSHIP**
INTEREST IN 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~~ **THIS SUBDIVISION**
IS SUBJECT TO ALL OF THE FOLLOWING:

(i) **FOR** a corporation subject to 1897 PA 230, MCL 455.1 to
455.24, ÷

~~——(i)~~ **BOTH OF THE FOLLOWING APPLY:**

(A) 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.

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

1 the corporation's real property.

2 (ii) BEGINNING ON DECEMBER 31, 2016, A CONVEYANCE DURING THE
3 TRANSFEROR'S LIFETIME, OR BY INHERITANCE, OR BY DISTRIBUTION FROM A
4 TRUST, OR OTHERWISE OF AN OWNERSHIP INTEREST, OF ANY PERCENTAGE, IN
5 A CORPORATION, PARTNERSHIP, SOLE PROPRIETORSHIP, LIMITED LIABILITY
6 COMPANY, LIMITED LIABILITY PARTNERSHIP, OR OTHER LEGAL ENTITY IS
7 NOT A TRANSFER OF OWNERSHIP IF THE TRANSFEREE IS THE TRANSFEROR'S
8 SPOUSE OR IS A TRUST AND THE SOLE PRESENT BENEFICIARY OR
9 BENEFICIARIES ARE THE TRANSFEROR, THE TRANSFEROR'S SPOUSE, OR BOTH.

10 (iii) BEGINNING ON DECEMBER 31, 2016, A CONVEYANCE DURING THE
11 TRANSFEROR'S LIFETIME, OR BY INHERITANCE, OR BY DISTRIBUTION FROM A
12 TRUST, OR OTHERWISE OF AN OWNERSHIP INTEREST, OF ANY PERCENTAGE, IN
13 A LIMITED LIABILITY COMPANY IS NOT A TRANSFER OF OWNERSHIP OF
14 RESIDENTIAL REAL PROPERTY OWNED BY THE LIMITED LIABILITY COMPANY IF
15 THE TRANSFEREE IS THE TRANSFEROR'S OR THE TRANSFEROR'S SPOUSE'S
16 MOTHER, FATHER, BROTHER, SISTER, SON, DAUGHTER, ADOPTED SON,
17 ADOPTED DAUGHTER, GRANDSON, GRANDDAUGHTER, AUNT, UNCLE, NIECE, OR
18 NEPHEW, OR IS A LINEAL DESCENDANT OF 1 OR MORE OF THESE
19 INDIVIDUALS. UPON REQUEST BY THE DEPARTMENT OF TREASURY OR THE
20 ASSESSOR, THE TRANSFEREE SHALL FURNISH PROOF WITHIN 30 DAYS THAT
21 THE TRANSFEREE MEETS THE REQUIREMENTS OF THIS SUBPARAGRAPH. IF A
22 TRANSFEREE FAILS TO COMPLY WITH A REQUEST BY THE DEPARTMENT OF
23 TREASURY OR ASSESSOR UNDER THIS SUBPARAGRAPH, THAT TRANSFEREE IS
24 SUBJECT TO A FINE OF \$200.00.

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

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

4 (k) Notwithstanding the provisions of section 7ee(5), at the
5 request of a property owner, an assessor's establishment of a
6 separate tax parcel for a portion of a parcel that ceases to be
7 qualified agricultural property but is not subject to a land
8 division under the land division act, 1967 PA 288, MCL 560.101 to
9 560.293, or any local ordinance. For purposes of this subdivision,
10 a transfer of ownership occurs only as to that portion of the
11 parcel established as a separate tax parcel and only that portion
12 shall have its taxable value adjusted under subsection (3) and
13 shall be subject to the recapture tax provided for under the
14 agricultural property recapture act, 2000 PA 261, MCL 211.1001 to
15 211.1007. The adjustment under subsection (3) shall be made as of
16 the December 31 in the year that the portion of the parcel
17 established as a separate tax parcel ceases to be qualified
18 agricultural property. A portion of a parcel subject to this
19 subdivision is considered a separate tax parcel only for those
20 purposes described in this subdivision.

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

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

24 (b) A transfer from ~~a husband, a wife, or a married couple~~ **1**
25 **OR BOTH SPOUSES** creating or disjoining a tenancy by the entireties
26 in the grantors or the grantor and his or her spouse.

27 (c) ~~Subject to subdivision (d), a~~ **A** transfer of that portion

1 of property subject to a life estate or life lease retained by the
2 transferor, until expiration or termination of the life estate or
3 life lease. ~~That portion of property transferred that is not~~
4 ~~subject to a life lease shall be adjusted under subsection (3).~~

5 HOWEVER, BEGINNING DECEMBER 31, 2016, THE EXPIRATION OR TERMINATION
6 OF THE LIFE ESTATE OR LIFE LEASE IS ALSO NOT A TRANSFER OF
7 OWNERSHIP IF EITHER OF THE FOLLOWING IS TRUE:

8 (i) THE TRANSFEREE IS THE TRANSFEROR'S SPOUSE, OR IS A TRUST
9 AND THE SOLE PRESENT BENEFICIARY IS THE TRANSFEROR'S SPOUSE.

10 (ii) THE PROPERTY IS RESIDENTIAL REAL PROPERTY AND THE
11 TRANSFEREE IS THE TRANSFEROR'S OR TRANSFEROR'S SPOUSE'S MOTHER,
12 FATHER, BROTHER, SISTER, SON, DAUGHTER, ADOPTED SON, ADOPTED
13 DAUGHTER, GRANDSON, OR GRANDDAUGHTER, OR IS 1 OR MORE OF THESE
14 INDIVIDUALS, OR IS A TRUST AND THE SOLE PRESENT BENEFICIARY OR
15 BENEFICIARIES ARE 1 OR MORE OF THESE INDIVIDUALS, FOR SO LONG AS
16 THE RESIDENTIAL REAL PROPERTY CLASSIFICATION UNDER SECTION 34C DOES
17 NOT CHANGE FOLLOWING THE CONVEYANCE. UPON REQUEST BY THE DEPARTMENT
18 OF TREASURY OR THE ASSESSOR, A TRANSFEREE SHALL FURNISH PROOF
19 WITHIN 30 DAYS THAT THE TRANSFEREE MEETS THE REQUIREMENTS OF THIS
20 SUBPARAGRAPH. IF A TRANSFEREE FAILS TO COMPLY WITH A REQUEST BY THE
21 DEPARTMENT OF TREASURY OR ASSESSOR UNDER THIS SUBPARAGRAPH, THAT
22 TRANSFEREE IS SUBJECT TO A FINE OF \$200.00.

23 ~~—— (d) Beginning December 31, 2014, a transfer of that portion of~~
24 ~~residential real property that had been subject to a life estate or~~
25 ~~life lease retained by the transferor resulting from expiration or~~
26 ~~termination of that life estate or life lease, if the transferee is~~
27 ~~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.~~

(D) ~~(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).

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

(F) ~~(g)~~—A conveyance to a trust if the ~~settler~~**TRANSFEROR** or the ~~settler's~~**TRANSFEROR'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 ~~settler~~**TRANSFEROR** or the ~~settler's~~**TRANSFEROR'S** spouse, or both.

(ii) Beginning December 31, 2014, for residential real property, if the sole present beneficiary of the trust is the ~~settler's~~**TRANSFEROR'S** or the ~~settler's~~**TRANSFEROR'S** spouse's

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

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

18 (H) ~~(i)~~ A transfer creating or terminating a joint tenancy
 19 between 2 or more persons if at least 1 of the persons was an
 20 original owner of the property before the joint tenancy was
 21 initially created and, if the property is held as a joint tenancy
 22 at the time of conveyance, at least 1 of the persons was a joint
 23 tenant when the joint tenancy was initially created and that person
 24 has remained a joint tenant since the joint tenancy was initially
 25 created. A joint owner at the time of the last transfer of
 26 ownership of the property is an original owner of the property. For
 27 purposes of this subdivision, a person is an original owner of

1 property owned by that person's spouse.

2 (I) ~~(j)~~—A transfer for security or an assignment or discharge
3 of a security interest.

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

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

19 (L) ~~(m)~~—A transfer of real property or other ownership
20 interests among corporations, partnerships, limited liability
21 companies, limited liability partnerships, or other legal entities
22 if the entities involved are commonly controlled. Upon request by
23 the state tax commission, a corporation, partnership, limited
24 liability company, limited liability partnership, or other legal
25 entity shall furnish proof within 45 days that a transfer meets the
26 requirements of this subdivision. A corporation, partnership,
27 limited liability company, limited liability partnership, or other

1 legal entity that fails to comply with a request by the state tax
2 commission under this subdivision is subject to a fine of \$200.00.

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

11 (N) ~~(e)~~—Except as provided in subsection (6)(k), a transfer of
12 qualified agricultural property, if the person to whom the
13 qualified agricultural property is transferred files an affidavit
14 with the assessor of the local tax collecting unit in which the
15 qualified agricultural property is located and with the register of
16 deeds for the county in which the qualified agricultural property
17 is located attesting that the qualified agricultural property will
18 remain qualified agricultural property. The affidavit under this
19 subdivision shall be in a form prescribed by the department of
20 treasury. An owner of qualified agricultural property shall inform
21 a prospective buyer of that qualified agricultural property that
22 the qualified agricultural property is subject to the recapture tax
23 provided in the agricultural property recapture act, 2000 PA 261,
24 MCL 211.1001 to 211.1007, if the qualified agricultural property is
25 converted by a change in use, as that term is defined in section 2
26 of the agricultural property recapture act, 2000 PA 261, MCL
27 211.1002. If property ceases to be qualified agricultural property

1 at any time after a transfer subject to this subdivision, all of
2 the following shall occur:

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

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

13 (O) ~~(P)~~ A transfer of qualified forest property, if the person
14 to whom the qualified forest property is transferred files a
15 qualified forest taxable value affidavit with the assessor of the
16 local tax collecting unit in which the qualified forest property is
17 located and with the register of deeds for the county in which the
18 qualified forest property is located attesting that the qualified
19 forest property will remain qualified forest property. The
20 qualified forest taxable value affidavit under this subdivision
21 shall be in a form prescribed by the department of agriculture and
22 rural development. The qualified forest taxable value affidavit
23 shall include a legal description of the qualified forest property,
24 the name of the new property owner, the year the transfer of the
25 property occurred, a statement indicating that the property owner
26 is attesting that the property for which the exemption is claimed
27 is qualified forest property and will be managed according to the

1 approved forest management plan, and any other information
2 pertinent to the parcel and the property owner. The property owner
3 shall provide a copy of the qualified forest taxable value
4 affidavit to the department. The department shall provide 1 copy of
5 the qualified forest taxable value affidavit to the local tax
6 collecting unit, 1 copy to the conservation district, and 1 copy to
7 the department of treasury. These copies may be sent
8 electronically. The exception to the recognition of a transfer of
9 ownership, as herein stated, extends to the land only of the
10 qualified forest property. If qualified forest property is improved
11 by buildings, structures, or land improvements, then those
12 improvements shall be recognized as a transfer of ownership, in
13 accordance with the provisions of section 7jj[1]. An owner of
14 qualified forest property shall inform a prospective buyer of that
15 qualified forest property that the qualified forest property is
16 subject to the recapture tax provided in the qualified forest
17 property recapture tax act, 2006 PA 379, MCL 211.1031 to 211.1036,
18 if the qualified forest property is converted by a change in use,
19 as that term is defined in section 2 of the qualified forest
20 property recapture tax act, 2006 PA 379, MCL 211.1032. If property
21 ceases to be qualified forest property at any time after being
22 transferred, all of the following shall occur:

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

1 (ii) Except as otherwise provided in subparagraph (iii), the
2 property is subject to the recapture tax provided for under the
3 qualified forest property recapture tax act, 2006 PA 379, MCL
4 211.1031 to 211.1036.

5 (iii) Beginning June 1, 2013 and ending November 30, 2013,
6 owners of property enrolled as qualified forest property before
7 January 1, 2013 may execute a new qualified forest taxable value
8 affidavit with the department of agriculture and rural development.
9 If a landowner elects to execute a qualified forest taxable value
10 affidavit, that owner is not required to pay the \$50.00 fee
11 required under section 7jj[1](2). If a landowner elects not to
12 execute a qualified forest taxable value affidavit, the existing
13 affidavit shall be rescinded, without subjecting the property to
14 the recapture tax provided for under the qualified forest property
15 recapture tax act, 2006 PA 379, MCL 211.1031 to 211.1036, and the
16 taxable value of that property shall be adjusted under subsection
17 (3).

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

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

27 (ii) A transfer of ownership of the land or a transfer of an

1 interest in the land is eligible for a deduction as a qualified
 2 conservation contribution under section 170(h) of the internal
 3 revenue code, 26 USC 170.

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

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

13 (S) ~~(t)~~ Beginning December 31, 2013 through December 30, 2014,
 14 a transfer of residential real property if the transferee is
 15 related to the transferor by blood or affinity to the first degree
 16 ~~and the use of~~ **FOR SO LONG AS** the residential real property
 17 **CLASSIFICATION UNDER SECTION 34C** does not change following the
 18 transfer.

19 (T) ~~(u)~~ Beginning December 31, 2014, a transfer of residential
 20 real property if the transferee is the transferor's or the
 21 transferor's spouse's mother, father, brother, sister, son,
 22 daughter, adopted son, adopted daughter, grandson, or
 23 granddaughter, ~~and~~ **OR IS 1 OR MORE OF THESE INDIVIDUALS, OR IS A**
 24 **TRUST AND THE SOLE PRESENT BENEFICIARY OR BENEFICIARIES ARE 1 OR**
 25 **MORE OF THESE INDIVIDUALS, FOR SO LONG AS** the residential real
 26 property ~~is not used for any commercial purpose~~ **CLASSIFICATION**
 27 **UNDER SECTION 34C DOES NOT CHANGE** following the conveyance. Upon

request by the department of treasury or the assessor, ~~the~~ **A** 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.

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

(V) ~~(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

1 more of the following requirements:

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

9 (ii) The land or an interest in the land is made eligible for
10 a deduction as a qualified conservation contribution under section
11 170(h) of the internal revenue code, 26 USC 170, prior to the
12 conveyance by distribution under a will or trust or by intestate
13 succession.

14 (W) ~~(*)~~—A conveyance of property under section 2120a(6) of the
15 natural resources and environmental protection act, 1994 PA 451,
16 MCL 324.2120a.

17 (X) BEGINNING DECEMBER 31, 2016, THE TRANSFER OF AN OWNERSHIP
18 INTEREST IN REAL PROPERTY TO OR FROM A CORPORATION, PARTNERSHIP,
19 SOLE PROPRIETORSHIP, LIMITED LIABILITY COMPANY, LIMITED LIABILITY
20 PARTNERSHIP, OR OTHER LEGAL ENTITY IF THE OWNERSHIP OF THE ENTITY
21 AFTER THE TRANSFER IS IDENTICAL TO THE OWNERSHIP OF THE REAL
22 PROPERTY BEFORE THE TRANSFER OR IF THE OWNERSHIP OF THE REAL
23 PROPERTY AFTER THE TRANSFER IS IDENTICAL TO THE OWNERSHIP OF THE
24 ENTITY BEFORE THE TRANSFER. AS USED IN THIS SUBDIVISION,
25 "IDENTICAL" MEANS THE SAME BOTH IN THE IDENTITY OF THE OWNER OR
26 OWNERS AND THE PERCENTAGE OWNED IF OWNED BY MORE THAN 1 PERSON.

27 (8) If all of the following conditions are satisfied, the

1 local tax collecting unit shall revise the taxable value of
2 qualified agricultural property taxable on the tax roll in the
3 possession of that local tax collecting unit to the taxable value
4 that qualified agricultural property would have had if there had
5 been no transfer of ownership of that qualified agricultural
6 property since December 31, 1999 and there had been no adjustment
7 of that qualified agricultural property's taxable value under
8 subsection (3) since December 31, 1999:

9 (a) The qualified agricultural property was qualified
10 agricultural property for taxes levied in 1999 and each year after
11 1999.

12 (b) The owner of the qualified agricultural property files an
13 affidavit with the assessor of the local tax collecting unit under
14 subsection ~~(7)(e)~~ **(7) (N)**.

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

20 (10) The register of deeds of the county where deeds or other
21 title documents are recorded shall notify the assessing officer of
22 the appropriate local taxing unit not less than once each month of
23 any recorded transaction involving the ownership of property and
24 shall make any recorded deeds or other title documents available to
25 that county's tax or equalization department. Unless notification
26 is provided under subsection (6), the buyer, grantee, or other
27 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.~~

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

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

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

(F) ~~(g)~~ "Qualified forest property" means that term as defined

1 in section 7jj[1].

2 (G) ~~(h)~~—"Residential real property" means real property
3 classified as residential real property under section 34c.

4 (H) "TRANSFEROR" MEANS A PERSON THAT MAKES A TRANSFER AND
5 INCLUDES, BUT IS NOT LIMITED TO, THE SETTLOR OF A TRUST, OR AN
6 INDIVIDUAL OR ENTITY FOR WHOM A TRANSFER IS MADE BY A
7 REPRESENTATIVE.

8 Enacting section 1. Section 27a(6)(h)(ii) and (iii) and (7)(x)
9 of the general property tax act, 1893 PA 206, MCL 211.27a, as added
10 by this amendatory act, is retroactive and is effective for taxes
11 levied after December 31, 2016.

12 Enacting section 2. Section 27a(7)(c) of the general property
13 tax act, 1893 PA 206, MCL 211.27a, as amended by this amendatory
14 act, is retroactive and is effective for taxes levied after
15 December 31, 2016.