



**House
Legislative
Analysis
Section**

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**EXEMPT FAMILY MEMBERS FROM
PROPERTY ASSESSMENT POP-UP**

House Bill 4555
Sponsor: Rep. Dale Sheltrown
Committee: Tax Policy

Complete to 9-13-01

A SUMMARY OF HOUSE BILL 4555 AS INTRODUCED 4-17-01

With the passage of Proposal A in 1994, the new school financing system, the state adopted an assessment cap that limits how much the taxable value of a parcel of property can increase from one year to the next. A parcel’s assessment cannot increase more than the rate of inflation or five percent, whichever is lower. However, when property is sold, its taxable value returns to 50 percent of market value before the assessment cap is again applied in future years. (This is sometimes referred to as the “pop-up”.) Some transactions are exempt from the market-based re-assessment. House Bill 4555 would amend the General Property Tax Act to add an additional exemption. The bill would exempt the transfer of business or residential property with a taxable value of up to \$2.5 million that was transferred to a family member. This means, such transfers would not result in the property being re-assessed at 50 percent of market value.

The term “family member” would refer to a spouse; a child, stepchild, or adopted child; a grandchild, step-grandchild, or adopted grandchild; a parent, stepparent, or adoptive parent; a grandparent, step-grandparent, or adoptive grandparent; a brother, stepbrother, or adoptive brother; and a sister, stepsister, or adoptive sister.

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House Bill 4555 (9-13-01)

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