

**SUBSTITUTE FOR  
HOUSE BILL NO. 4244**

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 27a (MCL 211.27a), as amended by 2012 PA 497.

**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

1 property's taxable value in the immediately preceding year is the  
2 property's state equalized valuation in 1994.

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

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

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

26 (5) Assessment of property, as required in this section and  
27 section 27, is inapplicable to the assessment of property subject

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

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

17 (a) A conveyance by deed.

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

25 (c) A conveyance to a trust after December 31, 1994, except if  
26 the settlor or the settlor's spouse, or both, conveys the property  
27 to the trust and the sole present beneficiary or beneficiaries are

1 the settlor or the settlor's spouse, or both.

2 (d) A conveyance by distribution from a trust, except if the  
3 distributee is the sole present beneficiary or the spouse of the  
4 sole present beneficiary, or both.

5 (e) A change in the sole present beneficiary or beneficiaries  
6 of a trust, except a change that adds or substitutes the spouse of  
7 the sole present beneficiary.

8 (f) A conveyance by distribution under a will or by intestate  
9 succession, except if the distributee is the decedent's spouse.

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

25 (h) Except as otherwise provided in this subdivision, a  
26 conveyance of an ownership interest in a corporation, partnership,  
27 sole proprietorship, limited liability company, limited liability

1 partnership, or other legal entity if the ownership interest  
2 conveyed is more than 50% of the corporation, partnership, sole  
3 proprietorship, limited liability company, limited liability  
4 partnership, or other legal entity. Unless notification is provided  
5 under subsection (10), the corporation, partnership, sole  
6 proprietorship, limited liability company, limited liability  
7 partnership, or other legal entity shall notify the assessing  
8 officer on a form provided by the state tax commission not more  
9 than 45 days after a conveyance of an ownership interest that  
10 constitutes a transfer of ownership under this subdivision. Both of  
11 the following apply to a corporation subject to 1897 PA 230, MCL  
12 455.1 to 455.24:

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

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

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

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

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

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

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

4 (c) A transfer of that portion of property subject to a life  
5 estate or life lease retained by the transferor, until expiration  
6 or termination of the life estate or life lease. That portion of  
7 property transferred that is not subject to a life lease shall be  
8 adjusted under subsection (3).

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

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

20 (f) A conveyance to a trust if the settlor or the settlor's  
21 spouse, or both, conveys the property to the trust and the sole  
22 present beneficiary of the trust is the settlor or the settlor's  
23 spouse, or both.

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

1           (h) A transfer creating or terminating a joint tenancy between  
2 2 or more persons if at least 1 of the persons was an original  
3 owner of the property before the joint tenancy was initially  
4 created and, if the property is held as a joint tenancy at the time  
5 of conveyance, at least 1 of the persons was a joint tenant when  
6 the joint tenancy was initially created and that person has  
7 remained a joint tenant since the joint tenancy was initially  
8 created. A joint owner at the time of the last transfer of  
9 ownership of the property is an original owner of the property. For  
10 purposes of this subdivision, a person is an original owner of  
11 property owned by that person's spouse.

12           (i) A transfer for security or an assignment or discharge of a  
13 security interest.

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

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

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

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

20           (n) A transfer of qualified agricultural property, if the  
21 person to whom the qualified agricultural property is transferred  
22 files an affidavit with the assessor of the local tax collecting  
23 unit in which the qualified agricultural property is located and  
24 with the register of deeds for the county in which the qualified  
25 agricultural property is located attesting that the qualified  
26 agricultural property shall remain qualified agricultural property.  
27 The affidavit under this subdivision shall be in a form prescribed



1 by the department of treasury. An owner of qualified agricultural  
 2 property shall inform a prospective buyer of that qualified  
 3 agricultural property that the qualified agricultural property is  
 4 subject to the recapture tax provided in the agricultural property  
 5 recapture act, 2000 PA 261, MCL 211.1001 to 211.1007, if the  
 6 qualified agricultural property is converted by a change in use, **AS**  
 7 **THAT TERM IS DEFINED IN SECTION 2 OF THE AGRICULTURAL PROPERTY**  
 8 **RECAPTURE ACT, 2000 PA 261, MCL 211.1002.** If property ceases to be  
 9 qualified agricultural property at any time after being  
 10 transferred, all of the following shall occur:

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

14 (ii) The property is subject to the recapture tax provided for  
 15 under the agricultural property recapture act, 2000 PA 261, MCL  
 16 211.1001 to 211.1007.

17 (o) A transfer of qualified forest property, if the person to  
 18 whom the qualified forest property is transferred files ~~an~~**A**  
 19 **QUALIFIED FOREST TAXABLE VALUE** affidavit with the assessor of the  
 20 local tax collecting unit in which the qualified forest property is  
 21 located and with the register of deeds for the county in which the  
 22 qualified forest property is located attesting that the qualified  
 23 forest property shall remain qualified forest property. The  
 24 **QUALIFIED FOREST TAXABLE VALUE** affidavit under this subdivision  
 25 shall be in a form prescribed by the department of ~~treasury~~  
 26 **AGRICULTURE AND RURAL DEVELOPMENT. THE QUALIFIED FOREST TAXABLE**  
 27 **VALUE AFFIDAVIT SHALL INCLUDE A LEGAL DESCRIPTION OF THE QUALIFIED**

1 FOREST PROPERTY, THE NAME OF THE NEW PROPERTY OWNER, THE YEAR THE  
2 TRANSFER OF THE PROPERTY OCCURRED, A STATEMENT INDICATING THAT THE  
3 PROPERTY OWNER IS ATTESTING THAT THE PROPERTY FOR WHICH THE  
4 EXEMPTION IS CLAIMED IS QUALIFIED FOREST PROPERTY AND WILL BE  
5 MANAGED ACCORDING TO THE APPROVED FOREST MANAGEMENT PLAN, AND ANY  
6 OTHER INFORMATION PERTINENT TO THE PARCEL AND THE PROPERTY OWNER.  
7 THE PROPERTY OWNER SHALL PROVIDE A COPY OF THE QUALIFIED FOREST  
8 TAXABLE VALUE AFFIDAVIT TO THE DEPARTMENT. THE DEPARTMENT SHALL  
9 PROVIDE 1 COPY OF THE QUALIFIED FOREST TAXABLE VALUE AFFIDAVIT TO  
10 THE LOCAL TAX COLLECTING UNIT, 1 COPY TO THE CONSERVATION DISTRICT,  
11 AND 1 COPY TO THE DEPARTMENT OF TREASURY. THESE COPIES MAY BE SENT  
12 ELECTRONICALLY. THE EXCEPTION TO THE RECOGNITION OF A TRANSFER OF  
13 OWNERSHIP, AS HEREIN STATED, SHALL EXTEND TO THE LAND ONLY OF THE  
14 QUALIFIED FOREST PROPERTY. IF QUALIFIED FOREST PROPERTY IS IMPROVED  
15 BY BUILDINGS, STRUCTURES, OR LAND IMPROVEMENTS, THEN THOSE  
16 IMPROVEMENTS SHALL BE RECOGNIZED AS A TRANSFER OF OWNERSHIP, IN  
17 ACCORDANCE WITH THE PROVISIONS OF SECTION 7JJ. An owner of  
18 qualified forest property shall inform a prospective buyer of that  
19 qualified forest property that the qualified forest property is  
20 subject to the recapture tax provided in the qualified forest  
21 property recapture tax act, 2006 PA 379, MCL 211.1031 to 211.1036,  
22 if the qualified forest property is converted by a change in use,  
23 AS THAT TERM IS DEFINED IN SECTION 2 OF THE QUALIFIED FOREST  
24 PROPERTY RECAPTURE TAX ACT, 2006 PA 379, MCL 211.1032. If property  
25 ceases to be qualified forest property at any time after being  
26 transferred, all of the following shall occur:

27 (i) The taxable value of that property shall be adjusted under

1 subsection (3) as of the December 31 in the year that the property  
2 ceases to be qualified forest property, **EXCEPT TO THE EXTENT THAT**  
3 **THE TRANSFER OF THE QUALIFIED FOREST PROPERTY WOULD NOT HAVE BEEN**  
4 **CONSIDERED A TRANSFER OF OWNERSHIP UNDER THIS SUBSECTION.**

5 (ii) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBPARAGRAPH (iii),** THE  
6 property is subject to the recapture tax provided for under the  
7 qualified forest property recapture tax act, 2006 PA 379, MCL  
8 211.1031 to 211.1036.

9 (iii) **BEGINNING JUNE 1, 2013 AND ENDING NOVEMBER 30, 2013,**  
10 **OWNERS OF PROPERTY ENROLLED AS QUALIFIED FOREST PROPERTY PRIOR TO**  
11 **JANUARY 1, 2013 MAY EXECUTE A NEW QUALIFIED FOREST TAXABLE VALUE**  
12 **AFFIDAVIT WITH THE DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT.**  
13 **IF A LANDOWNER ELECTS TO EXECUTE A QUALIFIED FOREST TAXABLE VALUE**  
14 **AFFIDAVIT, THAT OWNER IS NOT REQUIRED TO PAY THE \$50.00 FEE**  
15 **REQUIRED UNDER SECTION 7JJ(2). IF A LANDOWNER ELECTS NOT TO EXECUTE**  
16 **A QUALIFIED FOREST TAXABLE VALUE AFFIDAVIT, THE EXISTING AFFIDAVIT**  
17 **SHALL BE RESCINDED, WITHOUT SUBJECTING THE PROPERTY TO THE**  
18 **RECAPTURE TAX PROVIDED FOR UNDER THE QUALIFIED FOREST PROPERTY**  
19 **RECAPTURE TAX ACT, 2006 PA 379, MCL 211.1031 TO 211.1036, AND THE**  
20 **TAXABLE VALUE OF THAT PROPERTY SHALL BE ADJUSTED UNDER SUBSECTION**  
21 **(3).**

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

25 (i) The land is subject to a conservation easement under  
26 subpart 11 of part 21 of the natural resources and environmental  
27 protection act, 1994 PA 451, MCL 324.2140 to 324.2144. As used in

1 this subparagraph, "conservation easement" means that term as  
2 defined in section 2140 of the natural resources and environmental  
3 protection act, 1994 PA 451, MCL 324.2140.

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

8 (q) A transfer of real property or other ownership interests  
9 resulting from a consolidation or merger of a domestic nonprofit  
10 corporation that is a boy or girl scout or camp fire girls  
11 organization, a 4-H club or foundation, a young men's Christian  
12 association, or a young women's Christian association and at least  
13 50% of the members of that organization or association are  
14 residents of this state.

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

17 (s) Beginning December 31, 2013, a transfer of residential  
18 real property if the transferee is related to the transferor by  
19 blood or affinity to the first degree and the use of the  
20 residential real property does not change following the transfer.  
21 As used in this subdivision, "residential real property" means real  
22 property classified as residential real property under section 34c.

23 (8) If all of the following conditions are satisfied, the  
24 local tax collecting unit shall revise the taxable value of  
25 qualified agricultural property taxable on the tax roll in the  
26 possession of that local tax collecting unit to the taxable value  
27 that qualified agricultural property would have had if there had

1 been no transfer of ownership of that qualified agricultural  
2 property since December 31, 1999 and there had been no adjustment  
3 of that qualified agricultural property's taxable value under  
4 subsection (3) since December 31, 1999:

5 (a) The qualified agricultural property was qualified  
6 agricultural property for taxes levied in 1999 and each year after  
7 1999.

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

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

16 (10) The register of deeds of the county where deeds or other  
17 title documents are recorded shall notify the assessing officer of  
18 the appropriate local taxing unit not less than once each month of  
19 any recorded transaction involving the ownership of property and  
20 shall make any recorded deeds or other title documents available to  
21 that county's tax or equalization department. Unless notification  
22 is provided under subsection (6), the buyer, grantee, or other  
23 transferee of the property shall notify the appropriate assessing  
24 office in the local unit of government in which the property is  
25 located of the transfer of ownership of the property within 45 days  
26 of the transfer of ownership, on a form prescribed by the state tax  
27 commission that states the parties to the transfer, the date of the

1 transfer, the actual consideration for the transfer, and the  
2 property's parcel identification number or legal description. Forms  
3 filed in the assessing office of a local unit of government under  
4 this subsection shall be made available to the county tax or  
5 equalization department for the county in which that local unit of  
6 government is located. This subsection does not apply to personal  
7 property except buildings described in section 14(6) and personal  
8 property described in section 8(h), (i), and (j).

9 (11) As used in this section:

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

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

14 ~~—— (c) "Converted by a change in use" means that term as defined~~  
15 ~~in the agricultural property recapture act, 2000 PA 261, MCL~~  
16 ~~211.1001 to 211.1007.~~

17 (C) ~~(d)~~—"Inflation rate" means that term as defined in section  
18 34d.

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

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

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

24 Enacting section 1. This amendatory act takes effect June 1,  
25 2013.