

**SUBSTITUTE FOR  
SENATE BILL NO. 52**

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

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

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

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

23           (5) Assessment of property, as required in this section and  
24 section 27, is inapplicable to the assessment of property subject  
25 to the levy of ad valorem taxes within voted tax limitation  
26 increases to pay principal and interest on limited tax bonds issued  
27 by any governmental unit, including a county, township, community

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

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

14 (a) A conveyance by deed.

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

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

26 (d) A conveyance by distribution from a trust, except if the  
27 distributee is the sole present beneficiary or the spouse of the

1 sole present beneficiary, or both.

2 (e) A change in the sole present beneficiary or beneficiaries  
3 of a trust, except a change that adds or substitutes the spouse of  
4 the sole present beneficiary.

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

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

22 (h) Except as otherwise provided in this subdivision, a  
23 conveyance of an ownership interest in a corporation, partnership,  
24 sole proprietorship, limited liability company, limited liability  
25 partnership, or other legal entity if the ownership interest  
26 conveyed is more than 50% of the corporation, partnership, sole  
27 proprietorship, limited liability company, limited liability

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (h) A transfer creating or terminating a joint tenancy between  
26 2 or more persons if at least 1 of the persons was an original  
27 owner of the property before the joint tenancy was initially

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

9 (i) A transfer for security or an assignment or discharge of a  
10 security interest.

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

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

25 (l) A transfer of real property or other ownership interests  
26 among corporations, partnerships, limited liability companies,  
27 limited liability partnerships, or other legal entities if the

1 entities involved are commonly controlled. Upon request by the  
2 state tax commission, a corporation, partnership, limited liability  
3 company, limited liability partnership, or other legal entity shall  
4 furnish proof within 45 days that a transfer meets the requirements  
5 of this subdivision. A corporation, partnership, limited liability  
6 company, limited liability partnership, or other legal entity that  
7 fails to comply with a request by the state tax commission under  
8 this subdivision is subject to a fine of \$200.00.

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

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

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

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

11 (ii) The property is subject to the recapture tax provided for  
 12 under the agricultural property recapture act, 2000 PA 261, MCL  
 13 211.1001 to 211.1007.

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

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

24 (i) The taxable value of that property shall be adjusted under  
25 subsection (3) as of the December 31 in the year that the property  
26 ceases to be qualified forest property, EXCEPT TO THE EXTENT THAT  
27 THE TRANSFER OF THE QUALIFIED FOREST PROPERTY WOULD NOT HAVE BEEN

1 CONSIDERED A TRANSFER OF OWNERSHIP UNDER THIS SUBSECTION.

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

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

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

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

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

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

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

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

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

1 subsection (3) since December 31, 1999:

2 (a) The qualified agricultural property was qualified  
3 agricultural property for taxes levied in 1999 and each year after  
4 1999.

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

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

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

1 this subsection shall be made available to the county tax or  
2 equalization department for the county in which that local unit of  
3 government is located. This subsection does not apply to personal  
4 property except buildings described in section 14(6) and personal  
5 property described in section 8(h), (i), and (j).

6 (11) As used in this section:

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

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

11 ~~—— (c) "Converted by a change in use" means that term as defined~~  
12 ~~in the agricultural property recapture act, 2000 PA 261, MCL~~  
13 ~~211.1001 to 211.1007.~~

14 (C) ~~(d)~~ "Inflation rate" means that term as defined in section  
15 34d.

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

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

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

21 Enacting section 1. This amendatory act takes effect June 1,  
22 2013.