

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 709 (as introduced 9-21-99)
Sponsor: Senator Mike Goschka
Committee: Finance

Date Completed: 10-5-99

CONTENT

The bill would amend the General Property Tax Act to expand the Act's exemption for transfers of property between family members. The bill specifies that a transfer of ownership of property would not include a transfer of property between or among immediate family members, including from a father or mother, or both, to his or her or their child or children; or from an individual to one or more of his or her siblings.

Under Article 9, Section 3 of the State Constitution, for 1995 and thereafter, annual assessment increases on each parcel of property (adjusted for additions and losses) is limited to the lesser of 5% or the rate of inflation. When property is subsequently transferred (as defined in the General Property Tax Act) the assessed value reverts to 50% of true cash value. The Act contains an extensive list of what does and what does not constitute a transfer of ownership of property. Currently, under the Act, a transfer of ownership does not include a transfer of property from a spouse to the other spouse, or from a decedent to a surviving spouse; the bill would retain that exemption.

MCL 211.27a

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would exempt from transfers of property, transfers from a parent to a child and from an individual to a sibling. If 1% of houses sold were transfers of property from and to the family members specified in the bill, the State and local fiscal impact would be less than \$1 million.

Fiscal Analyst: R. Ross

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.