

Legislative Analysis



TRANSFER OF OWNERSHIP

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House Bill 4014 as introduced
Sponsor: Rep. Bradley Slagh
Committee: Finance
Complete to 3-3-25

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4014 would amend the General Property Tax Act to modify the exemption from the act's definition of *transfer of ownership* for transfers of residential real property to a previous owner's immediate family members.

Under the act, the taxable value of a property generally cannot increase by more than 5% or the rate of inflation, whichever is less, from one year to the next. However, if there is a transfer of ownership, the property's taxable value is "uncapped," meaning that it increases to 50% of the property's market value (also referred to as the State Equalized Valuation, or SEV). The act defines when a *transfer of ownership* has occurred and provides several specific exemptions from the definition.

Previously, 2014 PA 310 amended the act to provide that, beginning December 31, 2014, a transfer of ownership does *not* include a transfer of residential real property to the previous owner's (or their spouse's) mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter, as long as the property is not used for commercial purposes after the transfer. This includes transfers to or from a trust if the individual receiving the property, or the sole beneficiary of the trust receiving the property, is one of the above individuals.

House Bill 4014 would add that this exemption includes transfers to a previous owner's (or their spouse's) grandmother or grandfather. It would also add these individuals to those eligible for the exemption in transfers involving a trust, as described above. It would remove language providing that these exemptions apply beginning December 31, 2014.

The bill also would provide that the above exemptions apply to a transfer to the previous owner's (or their spouse's) brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter and that individual's spouse, if the transfer occurred on or after December 31, 2021. Similarly, for a transfer to a trust, the designation of the previous owner's (or their spouse's) brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter as a sole beneficiary would include a designation of that individual and their spouse made on or after December 31, 2021.

MCL 211.27a

FISCAL IMPACT:

The bill would have an indeterminate fiscal impact on state or local government revenues. To the extent that the bill results in a lower taxable value than otherwise would have occurred, the

bill would reduce revenues for state and local government. However, the degree to which this is the case cannot be determined with any certainty.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.