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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

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P.A. 497 of 2012

TO: Assessors, Equalization Directors and Interested Parties

FROM: State Tax Commission

SUBJECT: P.A. 497 of 2012 Transfer of Ownership

The purpose of this Bulletin is to provide information regarding Public Act 497 of 2012. This Act indicates that **beginning December 31, 2013**, a transfer of residential real property is not a transfer of ownership if the transferee is related to the transferor by blood or affinity to the first degree **and** the use of the residential real property does not change following the transfer of ownership.

A. Definitions

Residential real property is defined as real property classified as residential real under MCL 211.34c. The definition of residential real property contained in MCL 211.34c is:

> (i) Platted or unplatted parcels, with or without buildings, and condominium apartments located within or outside a village or city, which are used for, or probably will be used for, residential purposes.
> (ii) Parcels that are used for, or probably will be used for, recreational purposes, such as lake lots and hunting lands, located in an area used predominantly for recreational purposes.
> (iii) For taxes levied after December 31, 2002, a home, cottage, or cabin on leased land, and a mobile home that would be assessable as real property under section 2a except that the land on which it is located is not assessable because the land is exempt.

Transferee is defined as the person to whom the conveyance is made.

Transferor is defined as one who conveys a title, right or interest in property.

Affinity to the first degree includes the following relationships: spouse, father or mother, father or mother of the spouse, son or daughter, including adopted children and son or daughter of the spouse.

RESCINDED

B. Assessor Responsibilities

Assessors should note that the provisions in this Act only apply to residential real property and not to any other property classification. However, the provisions in this act **are not** limited to homestead property, meaning any residential real property regardless of residency, the application of a Principal Residence Exemption or how many residential real parcels the taxpayer owns.

Additionally, the use of the property may not change. Assessors should note any changes in the use of the property during their annual property classification review. Any change in use of the property should result in an immediate uncapping.

The Property Transfer Affidavit will be updated effective December 31, 2013 to include a checkbox, under the exemptions, for relationship by blood or affinity in the first degree and a statement that the transferee will not change the use of the property and will notify the assessor should the use change.

C. Additional Information

Assessors should note that this Act is effective only for transfers that occur on December 31, 2013 and after.

RESCINDED