



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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Bulletin 15 of 2014
October 13, 2014
Transfer of Ownership

TO: Assessors, Equalization Directors and Interested Parties
FROM: State Tax Commission
SUBJECT: Transfer of Ownership

Bulletin 5 of 2013 and Bulletin 23 of 2013 are rescinded.

MCL 211.27a has been amended further define conveyances that are considered transfers of ownership.

From December 31, 2013 through December 30, 2014, 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.

Beginning December 31, 2014, a transfer of residential real property is not a transfer of ownership if the transferee is the transferor's or the transferor's spouses mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson or granddaughter **and** the residential real property is not used for any commercial purpose following the conveyance. This includes a conveyance to a trust, a conveyance by distribution from a trust, and a change in the sole present beneficiary or beneficiaries of a trust, if the person to whom the residential real property is conveyed is the settlor's or the settlor's spouse's mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson or granddaughter and the property is not used for any commercial purpose following the conveyance. This exception includes a conveyance by distribution under a will or by intestate succession if the person to whom the residential real property is conveyed is the decedent's or the decedent's spouse's mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson or granddaughter and the property is not used for any commercial purpose following the conveyance.

A. Definitions

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

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

A first degree blood relative is a person who shares approximately 50% of their genes with another member of the family. These relatives include spouse, father or mother, father or mother of spouse, son or daughter, adopted son or daughter, son or daughter of spouse, and siblings. .

Residential Real Property is defined as real property classified as residential real property under MCL 211.34c.

The term “used for any commercial purpose” means used in connection with any business or other undertaking intended for profit.

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. The residential real property classification includes vacant and improved parcels. 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. Assessors should review the classification of the real property in the year of the conveyance. Even if there has not been a subsequent conveyance, if the residential real property is later used for any commercial purpose, the assessor should uncap the taxable value of the real property in the following year.

The Property Transfer Affidavit has been updated to include a checkbox, under the exemptions, for the relationships described above and a statement that the transferee will not use the property for any commercial purpose.

The Department of Treasury or the assessor can request the transferee, sole present beneficiary or beneficiaries to provide within 30 days, proof that the transferee meets the relationship requirements described in the Act. Failure to respond to this request results in a \$200 fine and can result in immediate uncapping of the property.