



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 4930 (Substitute H-1 as reported without amendment)
Sponsor: Representative Aric Nesbitt
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to exclude from "transfer of ownership" a conveyance of residential property that had been subject to a life estate or life lease retained by the transferor resulting from expiration or termination of that life estate or lease, if the transferee were related to the transferor, as described below.

Specifically, beginning December 31, 2014, "transfer of ownership" would not include a transfer of the portion of residential real property that had been subject to a life estate or life lease retained by the transferor resulting from the expiration or termination of that life estate or life lease, if the transferee were the transferor's or transferor's spouse's mother, father, brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter, and the property were not used for any commercial purpose after the transfer. Within 30 days, upon request by the Department of Treasury or the assessor, the transferee would have to furnish proof that he or she met these requirements. If the transferee failed to comply with the request, the transferee would be subject to a fine of \$200.

The proposed exclusion from "transfer of ownership" would be retroactive and would be effective for taxes levied after December 31, 2014.

MCL 211.27a

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would reduce State School Aid Fund revenue and local revenue by an unknown amount. The proposed exclusion from "transfer of ownership" would prevent property transfers that met the criteria in the bill from resetting the property's taxable value at 50% of the State equalized value (SEV). For property with taxable value lower than its SEV, this exclusion would result in the continuation of lower taxable and tax revenue than would otherwise be realized. This impact would continue until the property was transferred by a transaction not covered by an exclusion. The amount of revenue reduction would depend on the number of parcels affected, their specific characteristics, and local millage rates. The bill also would increase School Aid Fund spending to the extent it was necessary to replace foregone local school operating millage revenue in order to fund the foundation allowance.

In addition, the bill would provide for assessment of a fine of \$200 if a transferee did not comply with a request from the Department of Treasury or an assessor for proof that the transferee met the requirements for the exception. Any fine revenue received by the State would be deposited in the General Fund.

Date Completed: 12-10-15

Fiscal Analyst: Elizabeth Pratt

[floor\hb4930](#)

Bill Analysis @ www.senate.michigan.gov/sfa

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.