

# Legislative Analysis



## TRANSFER OF OWNERSHIP

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4572 as introduced**  
**Sponsor: Rep. Bradley Slagh**  
**Committee: Tax Policy**  
**Complete to 2-6-24**

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

## SUMMARY:

House Bill 4572 would amend the General Property Tax Act to modify the exemption from the act's definition of *transfer of ownership* regarding transfers of real residential 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).<sup>1</sup> 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, provided that the property is not used for commercial purposes after the transfer.<sup>2</sup>

House Bill 4572 would add that this exemption includes transfers to a previous owner's (or their spouse's) grandmother or grandfather that occurred after December 31, 2014.

The bill also would provide that the above exemption applies to a transfer to the previous owner's (or their spouse's) brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter and the spouse of that brother, sister, son, daughter, adopted son, adopted daughter, grandson, or granddaughter, if the transfer occurred on or after December 30, 2021.<sup>3</sup>

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

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<sup>1</sup> <https://www.michigan.gov/taxes/property/change-ownership>

<sup>2</sup> <http://legislature.mi.gov/doc.aspx?2014-HB-5552>

<sup>3</sup> Note that these new provisions would not apply to those transfers made to a mother and spouse or to a father and spouse (in cases where the mother's spouse is not the father, and vice versa). Similarly, although the bill would add grandmothers and grandfathers to the above exemption, these provisions would not apply to a grandmother and spouse or to a grandfather and spouse.

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.