



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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P.A. 497 of 2012 Supplement

TO: Assessors, Equalization Directors and Interested Parties
FROM: State Tax Commission
SUBJECT: P.A. 497 of 2012 Transfer of Ownership Supplementary Information

Bulletin 5 of 2013 provided 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.

The purpose of this Bulletin is to provide supplementary information to Bulletin 5 of 2013.

In Bulletin 5 of 2013, the State Tax Commission provided the following definition:

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.

The Commission's position is that it was legislative intent that the phrase "*related to the transferor by blood or affinity to the first degree*" intended to apply the first degree test to both affinity and to blood relationships. Therefore, the Commission is including the following definition:

A first degree blood relative is a person who shares approximately 50% of their genes with another member of the family. These relatives include parents, children or siblings.

Simply put, a transfer of residential real property is not a transfer of ownership if the transferee has one of the following relationships to the transferor and the use of the property does not change:

1. Spouse
2. Father or Mother
3. Father or Mother of the Spouse
4. Son or daughter
5. Adopted son or daughter
6. Son or daughter of the spouse
7. Siblings

The Commission also included the following definitions in Bulletin 5 of 2013:

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.

Due to the blood relationship clause, the Commission has defined transferee and transferor as a person. Therefore, this exemption from uncapping **does not apply** to a trust, a limited liability company or to distribution from probate.