

Michigan law provides that generally real estate property taxes are “uncapped” when title is transferred. “Uncapping” means that the taxable value of real estate (which is normally below State Equalized Value” or “SEV”) increases to SEV. This can be quite a shock, particularly to cottage owners transferring their interest to their children.

Michigan law will change on December 31, 2013, in a way which may be beneficial to families. Parents and their children may transfer title without uncapping in many cases.

The legislature added a new exception to the general rule that a transfer results in uncapping. The new exception reads as follows:

*Beginning December 31, 2013, a transfer of residential real property 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. As used in this subdivision, "residential real property" means real property classified as residential real property under section 34c.*

MCL 211.27a(6)(s)

The NCBA does not provide legal advice. Please consult your personal legal advisor to see if the new amendment applies to you.