

THE SECOND CERTAINTY:

*Exemptions, Uncapping and
Other Property Tax Issues*

Michigan Principal Residence Exemption a/k/a the "PRE"

- The General Property Tax Act, MCL 211.7cc and MCL 211.7dd
 - MCL 211.7dd(c) defines "principal residence" as "the 1 place where an owner of the property has his or her true, fixed, and permanent home to which, whenever absent, he or she intends to return and that shall continue as a principal residence until another principal residence is established."

Michigan Department of Treasury - New Guidelines

- Issued March 2013
(www.michigan.gov/PRE)
- Compiled questions and answers from the previous four volumes published
- Amends outdated information and includes new information

Is There a Filing Deadline To Request a PRE?

- Yes, there are two deadlines by which a PRE may be filed:
 - On or before June 1: Will reduce that year's summer and winter taxes and all future years taxes
 - On or before November 1: Will reduce that year's winter taxes and all future years taxes

Permitted Evidence of a Principal Residence

- Driver's License;
- Voter Registration card;
- Cancelled Checks listing the property address;
- Statements such as medical, bank or charge accounts;
- Income Tax Records and Insurance Policies.

No one factor taken alone is controlling over any other factor.

Examples

- Ownership
- Qualified Principal Residence Property
- Multi-Purpose Property
- Estates and Trusts

Transfer of Ownership

- Definition:
 - The conveyance of title to or a present interest in property, including the beneficial use of the property, the value of which is substantially equal to the value of the fee interest.

Why Is a Transfer Of Ownership Significant?

- In accordance with the Michigan Constitution, a transfer of ownership causes the taxable value of the transferred property to be uncapped in the calendar year following the year of the transfer of ownership.
- Taxable value is the value used to calculate the property taxes for a property.

Michigan State Tax Commission - New Guidelines

- Issued June 2013
- Includes STC's prior Bulletins and memoranda pertaining to transfer of ownership and taxable value uncapping issues.

Examples

- Trusts
- Ownership Changes of Legal Entities
- Exemptions
 - Foreclosures and Forfeitures
 - Redemptions of Tax-Reverted Properties

Legislative Modifications To The General Property Tax Act

- New transfer of ownership exemption
- P.A. 497 of 2012: Beginning December 31, 2013, exemption for 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 property does not change following the transfer.
 - Affinity to the first degree includes: spouse, father or mother, father or mother of the spouse, son or daughter, including adopted children and son or daughter of the spouse.