

Cottage Transfers of Ownership without Uncapping Property Tax Broadened Under Michigan House Bill

Article By:

Christopher J. Caldwell

Laura E. Radle

On December 27, 2012, **HR-4753** was signed into law by Michigan Gov. Rick Snyder. As discussed in our previous blog post, "[HR-4753: An Early Christmas Gift for Michigan Cottage Owners!](#)", this law prevents the uncapping of property taxes on certain transfers of residential property between individuals related by blood or affinity to the first degree. Although this law is regarded as a win for cottage owners, there is significant concerns related to the law.

The current law excludes a transfer to grandparents as being protected from an uncapping of the property taxes. In addition, the Michigan State Tax Commission has interpreted the current law to require that both a transferor and transferee [be a person](#). Therefore, the uncapping exemption would not apply to transfers of property from a trust, a limited liability company, or a probate estate.

On May 8, 2014, House Representative Peter Pettalia introduced [House Bill 5552](#) to address the above concerns (or most of them). HB 5552 was passed by the House of Representatives on June 5, 2014, and is currently being reviewed by the Senate.

First, HB 5552 eliminates the requirement that individuals be related by blood or affinity to the first degree and instead specifies that a transfer of residential real property between the transferor or the transferor's spouse and the following individuals will not result in an uncapping of the property taxes:

<ul style="list-style-type: none">• Mother• Father• Brother• Sister• Child• Stepparent• Stepchild• Stepbrother	<ul style="list-style-type: none">• Stepsister• Grandparent• Step-grandparent• Grandchild• Step-grandchild• Son-in-law• Daughter-in-law• Legal ward
---	--

Second, HB 5552 exempts residential properties transferred from a trust or by inheritance under a will to individuals related to the settlor or decedent as described above from an uncapping of the

property taxes. The bill does not, however, exempt residential properties transfer from a limited liability company.

Both of the proposed amendments to the law, the expanded definition of transferee to include grandparents and step-grandparents and the expanded definition of transferor to include trusts and an inheritance under a will, are important changes to the law for cottage owners. As always, we would be happy to assist your family with any questions you may have in relation to this law or the proposed amendment.

© 2025 Varnum LLP

National Law Review, Volume IV, Number 167

Source URL: <https://natlawreview.com/article/cottage-transfers-ownership-without-uncapping-property-tax-broadened-under-michigan->