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TRANSFER TAX: EXEMPT PROPERTY CONSTRUCTED BY STUDENTS

House Bill 4426

Sponsor: Rep. Gene DeRossett

Committee: Tax Policy

Complete to 5-7-99

A SUMMARY OF HOUSE BILL 4426 AS INTRODUCED 3-18-99

One of the elements of the new school financing system introduced with the passage of Proposal A in 1994 is the State Real Estate Transfer Tax Act. This act levies a three-quarters of one percent tax on the transfer of real property from one party to another. (The actual rate is set at \$3.75 for each \$500 or fraction of \$500 of the total value of the property being transferred.) The liability for the tax is on the seller. A number of kinds of instruments and transfers are exempt from the act. House Bill 4426 would add an exemption for buildings constructed by students in vocational education programs.

Specifically, the bill would exempt a written instrument conveying an interest in property that met all of the following criteria:

-- The property was being transferred from a nonprofit entity affiliated with a vocational education program operated by a local or intermediate school district or a consortium of districts;

-- A home or building had been constructed on the property primarily by students in the vocational program; and

-- the nonprofit entity had not used the exemption more than two times per calendar year.

MCL 207.526

Analyst: C. Couch

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.