
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 4426 (Substitute S-1 as reported)
Sponsor: Representative Gene DeRossett
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the State Real Estate Transfer Tax Act to exempt from the tax a written instrument conveying an interest in property that met all of the following conditions:

- The property was being transferred from a nonprofit entity affiliated with a vocational education program operated by a school district, intermediate school district, consortium of school districts, intermediate school districts, or private or parochial K-12 school systems.
- A home or building was constructed on the property primarily by students in the vocational education program.
- The nonprofit entity had not used the bill's exemption more than twice in that calendar year.

(The Act imposes a tax of .75% on the transfer of real property from one party to another. The seller is liable for the tax.)

MCL 207.526

Legislative Analyst: G. Towne

FISCAL IMPACT

This bill would reduce State real estate transfer tax revenue an estimated \$92,000 in FY 1999-2000. All of this loss in revenue would affect the School Aid Fund. According to the Department of Education, Michigan currently has 82 vocational education building trades programs that build and sell houses. The above estimate assumes that each of these building trades programs sells one house per year at an average price of \$150,000.

Date Completed: 10-11-99

Fiscal Analyst: J. Wortley