

# HOUSE BILL No. 4426

March 18, 1999, Introduced by Reps. DeRossett, Ehardt, Rick Johnson, Patterson, Hager, Hart, Hansen, Jellema, Jamnick, Kowall, Gilbert, DeHart, Tabor, Richardville, Jansen, Byl, Birkholz and Scranton and referred to the Committee on Tax Policy.

A bill to amend 1993 PA 330, entitled  
"State real estate transfer tax act,"  
by amending section 6 (MCL 207.526), as amended by 1994 PA 255.

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 6. The following written instruments and transfers of  
2 property are exempt from the tax imposed by this act:

3       (a) A written instrument in which the value of the consider-  
4 ation for the property is less than \$100.00.

5       (b) A written instrument evidencing a contract or transfer  
6 that is not to be performed wholly within this state only to the  
7 extent the written instrument includes land lying outside of this  
8 state.

9       (c) A written instrument that this state is prohibited from  
10 taxing under the United States constitution or federal statutes.

1 (d) A written instrument given as security or an assignment  
2 or discharge of the security interest.

3 (e) A written instrument evidencing a lease, including an  
4 oil and gas lease, or a transfer of a leasehold interest.

5 (f) A written instrument evidencing an interest that is  
6 assessable as personal property.

7 (g) A written instrument evidencing the transfer of a right  
8 and interest for underground gas storage purposes.

9 (h) Any of the following written instruments:

10 (i) A written instrument in which the grantor is the United  
11 States, this state, a political subdivision or municipality of  
12 this state, or an officer of the United States or of this state,  
13 or a political subdivision or municipality of this state, acting  
14 in his or her official capacity.

15 (ii) A written instrument given in foreclosure or in lieu of  
16 foreclosure of a loan made, guaranteed, or insured by the United  
17 States, this state, a political subdivision or municipality of  
18 this state, or an officer of the United States or of this state,  
19 or a political subdivision or municipality of this state, acting  
20 in his or her official capacity.

21 (iii) A written instrument given to the United States, this  
22 state, or 1 of their officers acting in an official capacity as  
23 grantee, pursuant to the terms or guarantee or insurance of a  
24 loan guaranteed or insured by the grantee.

25 (i) A conveyance from a husband or wife or husband and wife  
26 creating or disjoining a tenancy by the entirety in the  
27 grantors or the grantor and his or her spouse.

1       (j) A conveyance from ~~a mother or father to a son or~~  
2 ~~daughter or~~ AN INDIVIDUAL TO THAT INDIVIDUAL'S CHILD, stepchild,  
3 or adopted child.

4       (k) A conveyance from ~~a grandmother or grandfather to a~~  
5 ~~grandchild or step-grandchild~~ AN INDIVIDUAL TO THAT INDIVIDUAL'S  
6 GRANDCHILD, STEP-GRANDCHILD, or adopted grandchild.

7       (l) A judgment or order of a court of record making or  
8 ordering a transfer, unless a specific monetary consideration is  
9 specified or ordered by the court for the transfer.

10       (m) A written instrument used to straighten boundary lines  
11 if no monetary consideration is given.

12       (n) A written instrument to confirm title already vested in  
13 a grantee, including a quitclaim deed to correct a flaw in  
14 title.

15       (o) A land contract in which the legal title does not pass  
16 to the grantee until the total consideration specified in the  
17 contract has been paid.

18       (p) A written instrument evidencing the transfer of mineral  
19 rights and interests.

20       (q) A written instrument creating a joint tenancy between 2  
21 or more persons if at least 1 of the persons already owns the  
22 property.

23       (r) A transfer made pursuant to a bona fide sales agreement  
24 made before the date the tax is imposed under sections 3 and 4,  
25 if the sales agreement cannot be withdrawn or altered, or con-  
26 tains a fixed price not subject to change or modification.  
27 However, a sales agreement for residential construction may be

1 adjusted up to 15% to reflect changes in construction  
2 specifications.

3 (s) A written instrument evidencing a contract or transfer  
4 of property to a person sufficiently related to the transferor to  
5 be considered a single employer with the transferor under  
6 section 414(b) or (c) of the internal revenue code of 1986, 26  
7 U.S.C. 414.

8 (t) A written instrument conveying an interest in homestead  
9 property for which a homestead exemption is claimed under ~~either~~  
10 ~~the school code of 1976, Act No. 451 of the Public Acts of 1976,~~  
11 ~~being sections 380.1 to 380.1852 of the Michigan Compiled Laws or~~  
12 ~~the state education tax act, Act No. 331 of the Public Acts of~~  
13 ~~1993, being sections 211.901 to 211.906 of the Michigan Compiled~~  
14 ~~Laws~~ SECTION 7CC OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206,  
15 MCL 211.7CC, if the state equalized valuation of that homestead  
16 property is equal to or lesser than the state equalized valuation  
17 on the date of purchase or on the date of acquisition by the  
18 seller or transferor for that same interest in property. If  
19 after an exemption is claimed under this subsection, the sale or  
20 transfer of homestead property is found by the treasurer to be at  
21 a value other than the true cash value, then a penalty equal to  
22 20% of the tax shall be assessed in addition to the tax due under  
23 this act to the seller or transferor.

24 (u) A written instrument transferring an interest in prop-  
25 erty pursuant to a foreclosure of a mortgage including a written  
26 instrument given in lieu of foreclosure of a mortgage. This  
27 exemption does not apply to a subsequent transfer of the

1 foreclosed property by the entity that foreclosed on the  
2 mortgage.

3 (V) A WRITTEN INSTRUMENT THAT CONVEYS AN INTEREST IN PROP-  
4 ERTY THAT MEETS ALL OF THE FOLLOWING:

5 (i) THE PROPERTY IS BEING TRANSFERRED FROM A NONPROFIT  
6 ENTITY AFFILIATED WITH A VOCATIONAL EDUCATION PROGRAM OPERATED BY  
7 A SCHOOL DISTRICT, INTERMEDIATE SCHOOL DISTRICT, OR CONSORTIUM OF  
8 SCHOOL DISTRICTS OR INTERMEDIATE SCHOOL DISTRICTS.

9 (ii) A HOME OR BUILDING WAS CONSTRUCTED ON THE PROPERTY  
10 BEING TRANSFERRED PRIMARILY BY THE STUDENTS IN THE VOCATIONAL  
11 EDUCATION PROGRAM DESCRIBED IN SUBPARAGRAPH (i).

12 (iii) THE NONPROFIT ENTITY DESCRIBED IN SUBPARAGRAPH (i) HAS  
13 NOT UTILIZED THE EXEMPTION UNDER THIS SUBDIVISION MORE THAN 2  
14 TIMES PER CALENDAR YEAR.