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TRANSFER TAX EXEMPTION: PRIVATE SCHOOLS

House Bill 4405
Sponsor: Rep. Mark Jansen
Committee: Tax Policy

Complete to 8-31-01

A SUMMARY OF HOUSE BILL 4405 AS INTRODUCED 3-6-01

One of the elements of the 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 liability for the tax is on the seller. A number of kinds of instruments and transfers are exempt from the act. House Bill 4405 would exempt a written instrument transferring an interest in a private school. The term "private school" would refer to a nonpublic school operating in the state that is exempt from taxation under Section 501 (c) (3) of the federal Internal Revenue Code.

(The rate of the transfer tax is actually \$3.75 for each \$500 or fraction of \$500 of the total value of the property being transferred.)

MCL 207.526

House Bill 4405 (8-31-01)

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.