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## TRANSFER TAX: EXEMPT PROPERTY BUILT BY STUDENTS

House Bill 4277

Sponsor: Rep. Gene DeRossett

Committee: Tax Policy

Complete to 4-7-03

### A SUMMARY OF HOUSE BILL 4277 AS INTRODUCED 2-25-03

One of the elements of the school finance system created 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, with the revenue going to the School Aid Fund. (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. There are a number of exemptions for certain kinds of instruments and transfers. House Bill 4277 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 meets all of the following criteria:

- The property is being transferred from a nonprofit entity affiliated with a vocational education program operated by a local or 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 being transferred primarily by students in the vocational education program
- The nonprofit entity has not used the exemption more than two times in the calendar year.

MCL 207.526

Analyst: C. Couch

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