

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 4426 (Substitute H-1 as passed by the House)
Sponsor: Representative Gene DeRossett
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 10-5-99

CONTENT

The bill would amend the State Real Estate Transfer Tax Act to exempt from the tax a written instrument that conveyed an interest in property that met 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 had been constructed on the property primarily by students in the vocational education program.
- The nonprofit entity had not used the bill's exemption more than two times per calendar year.

The Act levies 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.

Fiscal Analyst: J. Wortley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.