



SENATE BILL No. 888

October 13, 1993, Introduced by Senator EMMONS and
referred to the Committee on School Finance Reform.

A bill to impose a state tax on the transfer of any interest in real property; to provide for the collection and distribution of the tax; to provide for a collection fee; to prescribe the powers and duties of certain county officials; and to provide for the administration of this act.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "state real estate transfer tax act".

3 Sec. 2. As used in this act:

4 (a) "Person" means an individual, partnership, corporation,
5 limited liability company, association, governmental entity, or
6 other legal entity.

7 (b) "Residential real property" and "agricultural real
8 property" mean those terms as described in section 34c of the

1 general property tax act, Act No. 206 of the Public Acts of 1893,
2 being section 211.34c of the Michigan Compiled Laws.

3 (c) "Tax" means the state real estate transfer tax.

4 (d) "Transfer" means the conveyance of right, title, or
5 interest in property and also includes acquisition of newly con-
6 structed real property.

7 (e) "Value" means fair market value at the time of the
8 transfer.

9 Sec. 3. (1) There is imposed a state real estate transfer
10 tax on the transfer of residential or agricultural real
11 property.

12 (2) The tax is at a rate of 4% of the value of the property
13 being transferred.

14 Sec. 4. The tax is due and payable at the following times:

15 (a) If the transfer is by deed or other instrument of con-
16 veyance of real property or any interest in real property, for a
17 consideration, at the time that deed or instrument of conveyance
18 is recorded.

19 (b) If the transfer is by a contract for the sale or
20 exchange of real property or an interest in real property or any
21 combination of the above, or for any assignment or transfer of
22 real property, at the time the contract is recorded.

23 (c) If the transfer is or will be by land contract, at the
24 time of the execution of the land contract.

25 (d) If the transfer is the acquisition of newly constructed
26 real property, at the time the title is transferred.

1 Sec. 5. (1) The tax shall be paid by the seller or
2 transferor of the property except as provided in subsection (2).

3 (2) If the transfer is the acquisition of newly constructed
4 real property to be constructed on land owned by the person con-
5 structing the new property or contracting to have another person
6 construct the new property and there is to be no further trans-
7 fer, the owner of the land shall pay the tax.

8 Sec. 6. The following are exempt from the tax under this
9 act:

10 (a) A transfer that is the acquisition of newly constructed
11 real property with a value of \$20,000.00 or less.

12 (b) A transfer of residential or agricultural property on
13 which the education finance authority tax under the education
14 finance authority act has been paid in the year of the transfer
15 and in the 2 immediately preceding years.

16 (c) A transfer where the value of the consideration is less
17 than \$100.00.

18 (d) A transfer by an instrument evidencing contracts or
19 transfers that are not to be performed wholly within this state
20 to the extent the instrument includes land lying outside of this
21 state.

22 (e) A transfer by a written instrument that this state is
23 prohibited from taxing under the constitution or statutes of the
24 United States.

25 (f) A transfer by an instrument or writing given as security
26 or any assignment or discharge of a security.

1 (g) A transfer by an instrument evidencing leases, including
2 oil and gas leases, or transfers of leasehold interests.

3 (h) A transfer by an instrument evidencing the transfer of
4 rights and interests for underground gas storage purposes.

5 (i) A transfer by an instrument in which the grantor is the
6 United States, the state, any political subdivision or municipal-
7 ity of the state, or officer thereof acting in an official capac-
8 ity; that is given in foreclosure or in lieu of foreclosure of a
9 loan made, guaranteed, or insured by the United States, the
10 state, any political subdivision or municipality of the state, or
11 officer thereof acting in an official capacity; or that is given
12 to the United States, the state, or 1 of their officers as grant-
13 ee, pursuant to the terms, guarantee, or insurance of a loan
14 guaranteed or insured by the grantee.

15 (j) A transfer that is a conveyance from a husband or wife
16 or husband and wife creating or disjoining a tenancy by the
17 entireties in the grantors or the grantor and his or her spouse.

18 (k) A transfer by a judgment or order of a court of record
19 that makes or orders transfers, except if a specific monetary
20 consideration is specified or ordered by the court.

21 (l) A transfer by an instrument used to straighten boundary
22 lines if no monetary consideration is given.

23 (m) A transfer by an instrument to confirm titles already
24 vested in grantees, such as quitclaim deeds to correct flaws in
25 titles.

26 (n) A transfer by an instrument evidencing the transfer of
27 mineral rights and interests.

1 (o) A transfer by an instrument creating a joint tenancy
2 between 2 or more persons where at least 1 of the persons already
3 owned the property.

4 (p) A transfer by an instrument that conveys property or an
5 interest in property to any receiver, administrator, or trustee,
6 whether special or general, in any bankruptcy or insolvency
7 proceedings.

8 (q) A transfer resulting from the administration of a will.

9 Sec. 7. (1) The tax shall be paid to the county treasurer
10 of the county in which the property transferred is located.

11 (2) The county treasurer shall transmit each month the tax
12 collected under this act to the state treasurer for deposit in
13 the state treasury to the credit of the state school aid fund
14 established in section 11 of article IX of the state constitution
15 of 1963.

16 (3) The county treasurer may add to the tax a collection fee
17 of 1/2% of the tax to defray the costs of collection of the tax.

18 Sec. 8. For the transfer of property in 1994 or 1995 only,
19 a person may deduct from the tax due under this act the amount of
20 any state property tax paid in 1994 and 1995 before the
21 transfer.

22 Sec. 9. This act shall be administered by the revenue divi-
23 sion of the department of treasury under Act No. 122 of the
24 Public Acts of 1941, being sections 205.1 to 205.31 of the
25 Michigan Compiled Laws.

26 Sec. 10. This act shall take effect January 1, 1994.