

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4426**

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, CONSORTIUM OF
8 SCHOOL DISTRICTS, INTERMEDIATE SCHOOL DISTRICTS OR PRIVATE OR
9 PAROCHIAL K-12 SCHOOL SYSTEMS.

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

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