

# HOUSE BILL No. 4573

April 10, 2003, Introduced by Rep. O'Neil and referred to the Committee on Tax Policy.

A bill to amend 1993 PA 330, entitled  
"State real estate transfer tax act,"  
by amending sections 2, 3, 5, 9, and 16 (MCL 207.522, 207.523,  
207.525, 207.529, and 207.536), section 5 as amended by 1994 PA  
224 and section 9 as amended by 1994 PA 255.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 2. As used in this act:

2       (a) "Initial improvements" means improvements to real  
3 property made prior to the issuance of a certificate of  
4 occupancy.

5       (b) ~~—(a)—~~ "Person" means an individual, partnership,  
6 corporation, limited liability company, association, governmental  
7 entity, or other legal entity. If used in a penalty clause,  
8 person includes the partners or members of a firm, a partnership,  
9 or an association and the officers of a corporation.

1       (c) ~~-(b)-~~ "Property" includes land, tenements, real estate,  
2 and real property and all rights to and interests in land,  
3 tenements, real estate, or real property.

4       (d) ~~-(e)-~~ "Tax" means the state real estate transfer tax  
5 imposed under this act.

6       (e) ~~-(d)-~~ "Treasurer" means the state treasurer.

7       (f) **"Value of initial improvements" means the current or fair**  
8 **market worth in terms of legal monetary exchange at the time of**  
9 **completion of the initial improvements.**

10       (g) ~~-(e)-~~ **"Value of real property"** means the current or fair  
11 market worth in terms of legal monetary exchange at the time of  
12 the transfer.

13       Sec. 3. (1) There is imposed, in addition to all other  
14 taxes, a tax upon the following written instruments executed  
15 within this state when the instrument is recorded:

16       (a) Contracts for the sale or exchange of property or any  
17 interest in the property or any combination of sales or exchanges  
18 or any assignment or transfer of property or any interest in the  
19 property.

20       (b) Deeds or instruments of conveyance of property or any  
21 interest in property, for consideration.

22       (2) The person who is the seller or grantor of the property  
23 is liable for the tax imposed under ~~this act~~ **subsection (1).**

24       (3) **There is imposed, in addition to all other taxes, a tax**  
25 **upon the value of initial improvements, only if the purchase**  
26 **agreement or other written agreement, covenant, or restriction**  
27 **limits the transferee's choice of construction contractor or if**

1 the initial improvements are constructed by the transferor or an  
2 affiliate of the transferor.

3 Sec. 5. (1) Beginning on January 1, 1995, except as  
4 otherwise provided in this section, the tax imposed under  
5 sections 3 and 4 is levied at the rate of \$3.75 for each \$500.00  
6 or fraction of \$500.00 of the ~~total~~ value of ~~the~~ real  
7 property being transferred **and of the value of initial**  
8 **improvements.**

9 (2) A written instrument subject to the tax imposed by this  
10 act shall state on its face the ~~total~~ value of ~~the~~ real  
11 property being transferred unless an affidavit is attached to the  
12 written instrument declaring the ~~total~~ value of ~~the~~ real  
13 property being transferred. The form of the affidavit shall be  
14 prescribed by the department of treasury. If the sale or  
15 transfer is of a combination of real and personal property, the  
16 tax shall be imposed only upon the transfer of the real property  
17 if the values of the real and personal property are stated  
18 separately on the face of the written instrument or if an  
19 affidavit is attached to the written instrument setting forth the  
20 respective values of the real and personal property.

21 Sec. 9. (1) The treasurer shall prescribe and prepare for  
22 use by a county treasurer adhesive stamps of the denominations  
23 and quantities that are necessary for the payment of the tax  
24 imposed by this act and the tax imposed by ~~Act No. 134 of the~~  
25 ~~Public Acts of 1966, being sections 207.501 to 207.513 of the~~  
26 ~~Michigan Compiled Laws~~ **1966 PA 134, MCL 207.501 to 27.513.** The  
27 county treasurer shall requisition the stamps as required.

1       (2) The treasurer shall prescribe conditions under which a  
2 county treasurer may utilize a tax meter machine to evidence the  
3 payment of the tax imposed under this act or the tax imposed  
4 under ~~Act No. 134 of the Public Acts of 1966~~ **1966 PA 134, MCL**  
5 **207.501 to 207.513.** The treasurer shall provide for the use of a  
6 tax meter machine or for the sale of the stamps in ~~such~~ **the**  
7 places ~~as~~ the treasurer considers necessary.

8       (3) The treasurer may prescribe alternate means for the  
9 county treasurer to evidence the payment of the tax under this  
10 act. The treasurer shall provide the alternative means to the  
11 county treasurer if alternative means are used to evidence the  
12 payment of the tax under this act.

13       (4) **An owner of property shall pay the tax imposed on initial**  
14 **improvements to the county treasurer within 30 days after**  
15 **issuance of a certificate of occupancy on the property.**

16       Sec. 16. (1) **A city or township assessor shall notify the**  
17 **county treasurer of initial improvements the assessor believes**  
18 **are subject to the tax under this act. If the property owner has**  
19 **not paid the tax on initial improvements under this act, the**  
20 **county treasurer shall notify the treasurer.**

21       (2) This act shall be administered by the ~~revenue division~~  
22 ~~of the~~ department of treasury under ~~Act No. 122 of the Public~~  
23 ~~Acts of 1941, being sections 205.1 to 205.31 of the Michigan~~  
24 ~~Compiled Laws~~ **1941 PA 122, MCL 205.1 to 205.31.** The department  
25 of treasury shall assess the unpaid tax on initial improvements  
26 under the provisions of 1941 PA 122, MCL 205.1 to 205.31.

27       Enacting section 1. This amendatory act takes effect

1 October 1, 2003.