

HOUSE BILL No. 5864

March 6, 2008, Introduced by Rep. McDowell and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7o (MCL 211.7o), as amended by 2006 PA 681.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7o. (1) Real or personal property owned and occupied by a
2 nonprofit charitable institution while occupied by that nonprofit
3 charitable institution solely for the purposes for which that
4 nonprofit charitable institution was incorporated is exempt from
5 the collection of taxes under this act.

6 (2) Real or personal property owned and occupied by a
7 charitable trust while occupied by that charitable trust solely for
8 the charitable purposes for which that charitable trust was
9 established is exempt from the collection of taxes under this act.

10 (3) **REAL OR PERSONAL PROPERTY OWNED AND OCCUPIED BY A**

1 FRATERNAL OR VETERANS ORGANIZATION WHOSE MEMBERSHIP POLICIES DO NOT
2 VIOLATE THE ELLIOTT-LARSEN CIVIL RIGHTS ACT, 1976 PA 453, MCL
3 37.2101 TO 37.2804, AND USED BY THAT FRATERNAL OR VETERANS
4 ORGANIZATION FOR NONPROFIT CHARITABLE PURPOSES IS EXEMPT FROM THE
5 COLLECTION OF TAXES UNDER THIS ACT, EXCEPT TAXES LEVIED FOR SCHOOL
6 OPERATING PURPOSES UNDER SECTION 1211 OF THE REVISED SCHOOL CODE,
7 1976 PA 451, MCL 380.1211. PROPERTY USED FOR COMMERCIAL OR FOR-
8 PROFIT PURPOSES IS PRESUMED NOT TO BE USED FOR NONPROFIT CHARITABLE
9 PURPOSES. THIS STATE SHALL ANNUALLY REIMBURSE EACH LOCAL TAX
10 COLLECTING UNIT FOR ANY REVENUE LOST AS A RESULT OF THE EXEMPTION
11 UNDER THIS SUBSECTION.

12 (4) ~~(3)~~—Real or personal property owned by a nonprofit
13 charitable institution or charitable trust that is leased, loaned,
14 or otherwise made available to another nonprofit charitable
15 institution or charitable trust or to a nonprofit hospital or a
16 nonprofit educational institution that is occupied by that
17 nonprofit charitable institution, charitable trust, nonprofit
18 hospital, or nonprofit educational institution solely for the
19 purposes for which that nonprofit charitable institution,
20 charitable trust, nonprofit hospital, or nonprofit educational
21 institution was organized or established and that would be exempt
22 from taxes collected under this act if the real or personal
23 property were occupied by the lessor nonprofit charitable
24 institution or charitable trust solely for the purposes for which
25 the lessor charitable nonprofit institution was organized or the
26 charitable trust was established is exempt from the collection of
27 taxes under this act.

1 (5) ~~(4)~~—For taxes levied after December 31, 1997, real or
2 personal property owned by a nonprofit charitable institution or
3 charitable trust that is leased, loaned, or otherwise made
4 available to a governmental entity is exempt from the collection of
5 taxes under this act if all of the following conditions are
6 satisfied:

7 (a) The real or personal property would be exempt from the
8 collection of taxes under this act under section 7m if the real or
9 personal property were owned or were being acquired pursuant to an
10 installment purchase agreement by the lessee governmental entity.

11 (b) The real or personal property would be exempt from the
12 collection of taxes under this act if occupied by the lessor
13 nonprofit charitable institution or charitable trust solely for the
14 purposes for which the lessor charitable nonprofit institution was
15 organized or the charitable trust was established.

16 (6) ~~(5)~~—Real property owned by a qualified conservation
17 organization that is held for conservation purposes and that is
18 open to all residents of this state for educational or recreational
19 use, including, but not limited to, low-impact, nondestructive
20 activities such as hiking, bird watching, cross-country skiing, or
21 snowshoeing is exempt from the collection of taxes under this act.
22 As used in this subsection, "qualified conservation organization"
23 means a nonprofit charitable institution or a charitable trust that
24 meets all of the following conditions:

25 (a) Is organized or established, as reflected in its articles
26 of incorporation or trust documents, for the purpose of acquiring,
27 maintaining, and protecting nature sanctuaries, nature preserves,

1 and natural areas in this state, that predominantly contain natural
2 habitat for fish, wildlife, and plants.

3 (b) Is required under its articles of incorporation, bylaws,
4 or trust documents to hold in perpetuity property acquired for the
5 purposes described in subdivision (a) unless both of the following
6 conditions are satisfied:

7 (i) That property is no longer suitable for the purposes
8 described in subdivision (a).

9 (ii) The sale of the property is approved by a majority vote of
10 the members or trustees.

11 (c) Its articles of incorporation, bylaws, or trust documents
12 prohibit any officer, shareholder, board member, employee, or
13 trustee or the family member of an officer, shareholder, board
14 member, employee, or trustee from benefiting from the sale of
15 property acquired for the purposes described in subdivision (a).

16 (7) ~~(6)~~—If authorized by a resolution of the local tax
17 collecting unit in which the real or personal property is located,
18 real or personal property owned by a nonprofit charitable
19 institution that is occupied and used by the nonprofit charitable
20 institution's chief executive officer as his or her principal
21 residence as a condition of his or her employment and that is
22 contiguous to real property that contains the nonprofit charitable
23 institution's principal place of business is exempt from the
24 collection of taxes under this act.

25 (8) ~~(7)~~—A charitable home of a fraternal **OR VETERANS**
26 **ORGANIZATION** or secret society, or a nonprofit corporation whose
27 stock is wholly owned by a religious **SOCIETY** or fraternal ~~society~~

1 **OR VETERANS ORGANIZATION** that owns and operates facilities for the
2 aged and chronically ill and in which the net income from the
3 operation of the corporation does not inure to the benefit of any
4 person other than the residents, is exempt from the collection of
5 taxes under this act.

6 (9) ~~(8)~~—Real and personal property owned and occupied by a
7 nonprofit corporation that meets all of the following conditions is
8 exempt from the collection of taxes under this act:

9 (a) The nonprofit corporation is exempt from taxation under
10 section 501(c)(3) of the internal revenue code, 26 USC 501.

11 (b) The nonprofit corporation meets 1 of the following
12 conditions:

13 (i) Is a skilled nursing facility or home for the aged,
14 licensed under the public health code, 1978 PA 368, MCL 333.1101 to
15 333.25211, or is an adult foster care facility licensed under the
16 adult foster care facility licensing act, 1979 PA 218, MCL 400.701
17 to 400.737. As used in this subparagraph:

18 (A) "Adult foster care facility" means that term as defined in
19 section 3 of the adult foster care facility licensing act, 1979 PA
20 218, MCL 400.703.

21 (B) "Home for the aged" means that term as defined in section
22 20106 of the public health code, 1978 PA 368, MCL 333.20106.

23 (C) "Skilled nursing facility" means that term as defined in
24 section 20109 of the public health code, 1978 PA 368, MCL
25 333.20109.

26 (ii) Provides housing, rehabilitation services, diagnostic
27 services, medical services, or therapeutic services to 1 or more

1 disabled persons. As used in this subparagraph, "disabled person"
2 means that term as defined in section 7d.

3 (c) The nonprofit corporation meets either of the following
4 conditions:

5 (i) The real and personal property of the nonprofit corporation
6 was being treated as exempt from the collection of all taxes under
7 this act on ~~the effective date of the amendatory act that added~~
8 ~~this subsection~~ **JANUARY 10, 2007.**

9 (ii) The real and personal property of the nonprofit
10 corporation had been treated as exempt from the collection of all
11 taxes under this act on December 31, 2004 and there has been no
12 transfer of ownership of that property during the period of time
13 beginning the last day the property was treated as exempt until ~~the~~
14 ~~effective date of the amendatory act that added this subsection~~
15 **JANUARY 10, 2007.** As used in this ~~sub-subparagraph~~ **SUBPARAGRAPH,**
16 "transfer of ownership" means that term as defined in section 27a.

17 (10) ~~(9)~~—If real or personal property owned and occupied by a
18 nonprofit corporation is not eligible for an exemption under
19 subsection ~~(8)~~ **(9)**, that nonprofit corporation is not precluded
20 from applying for exemption under subsection (1).

21 (10) As used in this section:

22 (a) "Charitable trust" means a charitable trust registered
23 under the supervision of trustees for charitable purposes act, 1961
24 PA 101, MCL 14.251 to 14.266.

25 **(B) "FRATERNAL OR VETERANS ORGANIZATION" MEANS AN ORGANIZATION**
26 **WITHIN THIS STATE, EXCEPT A COLLEGE FRATERNITY OR SORORITY, THAT**
27 **MEETS ALL OF THE FOLLOWING REQUIREMENTS:**

1 (i) IS NOT ORGANIZED FOR PECUNIARY PROFIT.

2 (ii) IS A BRANCH, LODGE, OR CHAPTER OF A NATIONAL OR STATE
3 FRATERNAL OR VETERANS ORGANIZATION.

4 (iii) EXISTS FOR THE COMMON PURPOSE, BROTHERHOOD, OR OTHER
5 INTERESTS OF ITS MEMBERS.

6 (C) ~~(b)~~—"Governmental entity" means 1 or more of the
7 following:

8 (i) The federal government or an agency, department, division,
9 bureau, board, commission, council, or authority of the federal
10 government.

11 (ii) This state or an agency, department, division, bureau,
12 board, commission, council, or authority of this state.

13 (iii) A county, city, township, village, local or intermediate
14 school district, or municipal corporation.

15 (iv) A public educational institution, including, but not
16 limited to, a local or intermediate school district, a public
17 school academy, a community college or junior college established
18 pursuant to section 7 of article VIII of the state constitution of
19 1963, or a state 4-year institution of higher education located in
20 this state.

21 (v) Any other authority or public body created under state
22 law.

23 (D) ~~(e)~~—"Public school academy" means a public school academy
24 organized under the revised school code, 1976 PA 451, MCL 380.1 to
25 380.1852.