

Legislative Analysis



PROPERTY TAX EXEMPTION FOR VETERANS ORGANIZATION

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House Bill 5457

Sponsor: Rep. Kurt Heise

Committee: Tax Policy

Complete to 4-24-12

A SUMMARY OF HOUSE BILL 5457 AS INTRODUCED 3-6-12

The bill would amend Section 7o of the General Property Tax Act, which provides a property tax exemption to real and personal property of nonprofit charitable institutions and charitable trusts. The bill would provide an exemption to real property that is the primary meeting place for a veterans organization and that is owned and occupied by that veterans organization solely for the purposes for which the organization was established. The exemption would also apply to personal property located in that primary meeting place of the veterans organization.

The bill would define "veterans organization" as an organization that meets all of the following requirements: (1) is not organized for pecuniary profit; (2) is a branch, lodge, or chapter of a national or state veterans organization; and (3) exists for the common purpose, brotherhood, or other interests of its members.

MCL 211.7o

BACKGROUND INFORMATION:

Current Veterans Organization Exemption

Section 7p of the General Property Tax Act currently exempts property of veterans organizations, as follows:

Real estate or personal property owned and occupied as memorial homes or posts is exempt from taxation under this act. As used in this section, memorial homes includes real estate and buildings owned and occupied solely by any veterans association, organization, or institution of the armed forces of the United States which is incorporated under the laws of this state and used solely for the purposes for which they were incorporated, but does not include buildings or portions of buildings which are not restricted to members and guests and are used for commercial operations permitting the patronage of the general public, including but not limited to dancehalls, bars with class C liquor licenses, bowling alleys, pool or billiard rooms, television rooms, and game rooms. Incidental or casual rental or leasing for nonveteran purposes is no bar to the exemption. It is the legislative intent that the making available of the exempt facilities for public assemblage or social affairs shall not be adequate cause to deny this exemption in

whole or in part. (Underlining added.) The provision was added to the General Property Tax Act by Public Act 142 of 1980.

FISCAL IMPACT:

The resulting revenue loss to local governments, local education, and the School Aid Fund cannot be determined because the taxable values and corresponding millage rates are not known. However, the potential exists for an individual local government to lose a large amount of revenue if the property in question represents a significant portion of that local unit's overall taxable value.

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