

# Legislative Analysis



## **REAL PROPERTY TAX EXEMPTION FOR SPORTSMEN'S CLUBS**

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**Senate Bill 570 as passed by the Senate**  
**Sponsor: Sen. Peter MacGregor**  
**House Committee: Tax Policy**  
**Senate Committee: Finance**  
**Complete to 11-15-16**

### **SUMMARY:**

Senate Bill 570 would exempt from all property taxes the real property owned and occupied by "qualified sportsmen's clubs" used for the primary purpose for which they were incorporated. The bill would amend Section 7o of the General Property Tax Act.

In order to qualify for the exemption, a club must meet all of the following conditions:

- Be organized or established for the primary purpose of educating the public in conservation and in hunting, fishing, archery, or shooting sports and firearm safety.
- Make its real property available to the public consistent with its primary purpose. (This requirement could be met by charging a reasonable membership fee for use of its property.)
- Offer education to the public, without charge or at reduced rates, consistent with its primary purpose. (The regular distribution of free educational literature to a local public school would meet this requirement.)
- Make its property available without charge to one or more governmental entities for uses consistent with its primary purpose.
- Offer membership without charge or at reduced rates based on a prospective member's financial ability to pay a membership fee.
- Either (1) be exempt from taxation under Section 501(c) 3 of the federal Internal Revenue Code; or (2) be organized not for pecuniary profit, and be an affiliate of a statewide conservation organization that is a 501(c) 3 organization whose primary purpose is to educate the public in conservation and in hunting, fishing, archery, or shooting sports and firearm safety.

MCL 211.7o

### **FISCAL IMPACT:**

As written, the bill would reduce local property tax revenue and State Education Tax (SET) revenue by an unknown, but potentially substantial amount. Given the broad description of qualified organizations, the number of newly exempt properties could be quite large. Since the bill does not specify whether charitable, non-profit activities actually occur, merely that the space is available for them, all sportsmen's organization could potentially qualify as tax

exempt simply by offering their facilities for these purposes. In addition, the bill does not specify how a sportsmen's organization would prove it has met this requirement.

Although the impact of this exemption cannot be estimated in advance, it would reduce local property tax revenue and revenue that accrues to the School Aid Fund. In addition, School Aid Fund expenditures would need to increase to offset the loss of the local 18-mill levy that is dedicated to schools.

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