



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 732 (as introduced 2-2-16)
Sponsor: Senator Rick Jones
Committee: Finance

Date Completed: 2-16-16

CONTENT

The bill would amend Public Act 1 of 1895, which provides for the incorporation of Masonic associations, to exempt from ad valorem property taxes real property and personal property owned by a corporation organized under the Act and occupied or used solely for Masonic purposes.

The Act allows Masonic associations to be incorporated by 10 or more residents of the State who are members of any chartered body or of different chartered bodies of the order of Free and Accepted Masons. The Act contains various provisions relating to the requirement for filing articles with the Department of Licensing and Regulatory Affairs, issuance of certificates or shares of stocks, powers of a corporation's board of trustees, and other matters.

Under the Act, every Masonic corporation may take, receive, purchase, and hold in its corporate capacity real and personal property and may demise, sell, convey, use, or dispose of that property. The corporation may erect and own buildings to be used in whole or in part for meetings of Masonic bodies and may borrow money or issue bonds for that purpose, and mortgage its property to secure the payment of any issued bonds.

The bill would exempt real property or any portion of real property owned by a Masonic corporation organized under the Act and occupied solely for Masonic purposes from ad valorem property taxes collected under the General Property Tax Act. In addition, the bill would exempt personal property owned by a Masonic corporation and used solely for Masonic purposes from ad valorem property taxes collected under the General Property Tax Act.

Proposed MCL 457.224a

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would reduce State and local property tax revenue and increase costs paid by the School Aid Fund. Based on a sample of property taxes paid by Masonic associations, it is estimated that the total revenue reduction would be in the range of \$600,000 to \$2.3 million annually. Of this amount, approximately \$500,000 to \$2.0 million would be a reduction in local revenue and \$100,000 to \$300,000 would be a reduction in State revenue from the State Education Tax, which is deposited in the School Aid Fund. The State cost of the school foundation allowance would increase by an estimated \$300,000 to \$900,000 due to the reduction in local school operating revenue.

The impact on individual local governments would vary based on the taxable value of property owned by a Masonic association, whether the property was used solely for Masonic association purposes, and local millage rates. Property tax records show that several Masonic lodges

currently are reported as having a taxable value of \$0. In the local units where those lodges are located, the bill would have no fiscal impact.

Fiscal Analyst: Elizabeth Pratt

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.