

REAL PROPERTY TAX EXEMPTION FOR SPORTSMEN'S CLUBS

Phone: (517) 373-8080
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Senate Bill 1035 (S-1) as passed by the Senate
Sponsor: Sen. Peter MacGregor
House Committee: Tourism and Outdoor Recreation
Senate Committee: Finance
Complete to 12-4-18

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

Senate Bill 1035 would amend section 7o of the General Property Tax Act to 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.

In order to qualify for the exemption, a club would have to 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 at least 55 days per calendar year. (This condition could be met by charging a reasonable membership fee for use of its real property.)
- Annually offer education to the public, without charge or at reduced rates, consistent with its primary purpose. (To meet this condition, the education must be provided to members of the public numbering not fewer than four times the number of members of the club as of the tax day. The regular distribution of free educational literature to students at a local public school would meet this condition.)
- 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.
- Annually, not later than the first day of the March meeting of the Board of Review, provide the local tax collecting unit with an affidavit that contains various forms of documentation specified in the bill as evidence of the club's fulfillment of the conditions listed above.

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, nonprofit activities actually occur, merely that the space is available for them, all sportsmen's organizations could potentially qualify as tax exempt simply by offering their facilities for these purposes.

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.

Legislative Analyst: Rick Yuille
Fiscal Analyst: Jim Stansell

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.