

SENATE BILL No. 960

May 11, 2016, Introduced by Senators BRANDENBURG, HUNE, MARLEAU, PROOS, GREEN, WARREN and SCHMIDT and referred to the Committee on Finance.

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 **CHARITABLE** purposes for which
4 that nonprofit charitable institution was incorporated is exempt
5 from 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 by a nonprofit charitable
11 institution or charitable trust that is leased, loaned, or

1 otherwise made available to another nonprofit charitable
2 institution or charitable trust or to a nonprofit hospital or a
3 nonprofit educational institution that is occupied by that
4 nonprofit charitable institution, charitable trust, nonprofit
5 hospital, or nonprofit educational institution solely for the
6 **CHARITABLE** purposes for which that nonprofit charitable
7 institution, charitable trust, nonprofit hospital, or nonprofit
8 educational institution was organized or established and that would
9 be exempt from taxes collected under this act if the real or
10 personal property were occupied by the lessor nonprofit charitable
11 institution or charitable trust solely for the **CHARITABLE** purposes
12 for which the lessor charitable nonprofit institution was organized
13 or the charitable trust was established is exempt from the
14 collection of taxes under this act.

15 (4) For taxes levied after December 31, 1997, real or personal
16 property owned by a nonprofit charitable institution or charitable
17 trust that is leased, loaned, or otherwise made available to a
18 governmental entity is exempt from the collection of taxes under
19 this act if all of the following conditions are satisfied:

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

24 (b) The real or personal property would be exempt from the
25 collection of taxes under this act if occupied by the lessor
26 nonprofit charitable institution or charitable trust solely for the
27 **CHARITABLE** purposes for which the lessor charitable nonprofit

1 institution was organized or the charitable trust was established.

2 (5) Real property owned by a qualified conservation
3 organization that is held for conservation purposes and that is
4 open to all residents of this state for educational or recreational
5 use, including, but not limited to, low-impact, nondestructive
6 activities such as hiking, bird watching, cross-country skiing, or
7 snowshoeing is exempt from the collection of taxes under this act.
8 As used in this subsection, "qualified conservation organization"
9 means a nonprofit charitable institution or a charitable trust that
10 meets all of the following conditions:

11 (a) Is organized or established, as reflected in its articles
12 of incorporation or trust documents, for the purpose of acquiring,
13 maintaining, and protecting nature sanctuaries, nature preserves,
14 and natural areas in this state, that predominantly contain natural
15 habitat for fish, wildlife, and plants.

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

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

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

24 (c) Its articles of incorporation, bylaws, or trust documents
25 prohibit any officer, shareholder, board member, employee, or
26 trustee or the family member of an officer, shareholder, board
27 member, employee, or trustee from benefiting from the sale of

1 property acquired for the purposes described in subdivision (a).

2 (6) If authorized by a resolution of the local tax collecting
3 unit in which the real or personal property is located, real or
4 personal property owned by a nonprofit charitable institution that
5 is occupied and used by the nonprofit charitable institution's
6 chief executive officer as his or her principal residence as a
7 condition of his or her employment and that is contiguous to real
8 property that contains the nonprofit charitable institution's
9 principal place of business is exempt from the collection of taxes
10 under this act.

11 (7) A charitable home of a fraternal or secret society, or a
12 nonprofit corporation whose stock is wholly owned by a religious or
13 fraternal society that owns and operates facilities for the aged
14 and chronically ill and in which the net income from the operation
15 of the corporation does not inure to the benefit of any person
16 other than the residents, is exempt from the collection of taxes
17 under this act.

18 (8) Real and personal property owned and occupied by a
19 nonprofit corporation that meets all of the following conditions is
20 exempt from the collection of taxes under this act:

21 (a) The nonprofit corporation is exempt from taxation under
22 section 501(c)(3) of the internal revenue code **OF 1986**, 26 USC 501.

23 (b) The nonprofit corporation meets 1 of the following
24 conditions:

25 (i) Is a skilled nursing facility or home for the aged,
26 licensed under the public health code, 1978 PA 368, MCL 333.1101 to
27 333.25211, or is an adult foster care facility licensed under the

1 adult foster care facility licensing act, 1979 PA 218, MCL 400.701
2 to 400.737. As used in this subparagraph:

3 (A) "Adult foster care facility" means that term as defined in
4 section 3 of the adult foster care facility licensing act, 1979 PA
5 218, MCL 400.703.

6 (B) "Home for the aged" means that term as defined in section
7 20106 of the public health code, 1978 PA 368, MCL 333.20106.

8 (C) "Skilled nursing facility" means that term as defined in
9 section 20109 of the public health code, 1978 PA 368, MCL
10 333.20109.

11 (i) Provides housing, rehabilitation services, diagnostic
12 services, medical services, or therapeutic services to 1 or more
13 disabled persons. As used in this subparagraph, "disabled person"
14 means that term as defined in section 7d.

15 (c) The nonprofit corporation meets either of the following
16 conditions:

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

21 (ii) The real and personal property of the nonprofit
22 corporation had been treated as exempt from the collection of all
23 taxes under this act on December 31, 2004 and there has been no
24 transfer of ownership of that property during the period of time
25 beginning the last day the property was treated as exempt until ~~the~~
26 ~~effective date of the amendatory act that added this subsection.~~
27 **JANUARY 10, 2007.** As used in this sub-subparagraph, "transfer of

1 ownership" means that term as defined in section 27a.

2 (9) If real or personal property owned and occupied by a
3 nonprofit corporation is not eligible for an exemption under
4 subsection (8), that nonprofit corporation is not precluded from
5 applying for exemption under subsection (1).

6 (10) As used in this section:

7 **(A) "CHARITABLE PURPOSE" MEANS 1 OR MORE OF THE FOLLOWING:**

8 **(i) THE ADVANCEMENT OF EDUCATION.**

9 **(ii) THE ADVANCEMENT OF RELIGION.**

10 **(iii) THE PROMOTION OF HEALTH AND WELLNESS.**

11 **(iv) THE RELIEF OF POVERTY.**

12 **(v) THE ERECTION OF PUBLIC BUILDINGS OR OTHER PUBLIC WORKS.**

13 **(vi) THE PROMOTION OF A GOVERNMENTAL PURPOSE OR THE**
14 **ALLEVIATION OF BURDENS OR RESPONSIBILITIES THAT WOULD OTHERWISE BE**
15 **BORNE BY THE GOVERNMENT.**

16 **(B) ~~(a)~~"Charitable trust"** means a charitable trust registered
17 under the supervision of trustees for charitable purposes act, 1961
18 PA 101, MCL 14.251 to 14.266.

19 **(C) ~~(b)~~"Governmental entity"** means 1 or more of the
20 following:

21 **(i)** The federal government or an agency, department, division,
22 bureau, board, commission, council, or authority of the federal
23 government.

24 **(ii)** This state or an agency, department, division, bureau,
25 board, commission, council, or authority of this state.

26 **(iii)** A county, city, township, village, local or intermediate
27 school district, or municipal corporation.

1 (iv) A public educational institution, including, but not
2 limited to, a local or intermediate school district, a public
3 school academy, a community college or junior college established
4 pursuant to section 7 of article VIII of the state constitution of
5 1963, or a state 4-year institution of higher education located in
6 this state.

7 (v) Any other authority or public body created under state
8 law.

9 (D) "NONPROFIT CHARITABLE INSTITUTION" MEANS AN ORGANIZATION
10 THAT MEETS AT LEAST 1 OF THE FOLLOWING:

11 (i) IS A NONPROFIT ORGANIZATION EXEMPT FROM TAXATION UNDER
12 SECTION 501(C) (3) OF THE INTERNAL REVENUE CODE OF 1986, 26 USC 501.

13 (ii) IS PRIMARILY OR SOLELY ORGANIZED FOR CHARITY.

14 (iii) OFFERS CHARITABLE SERVICES TO A PARTICULAR CLASS OF
15 INDIVIDUALS, AND DOES NOT CONDITION THE RECEIPT OF THOSE SERVICES
16 WITHIN THAT CLASS BASED UPON AN INDIVIDUAL'S HEALTH, ABILITY TO
17 PAY, OR OTHER CHARACTERISTICS.

18 (iv) SERVES A CHARITABLE PURPOSE OR A PURPOSE SET FORTH IN
19 SUBSECTION (5) (A) .

20 (v) CHARGES NO MORE FOR ITS CHARITABLE SERVICES THAN IS
21 REASONABLY NECESSARY TO MAINTAIN THE OPERATION OF THE ORGANIZATION.

22 (vi) HAS AN OVERALL NATURE THAT PROMOTES CHARITY, REGARDLESS
23 OF THE AMOUNT OF MONEY THAT THE ORGANIZATION DEVOTES TO CHARITABLE
24 ACTIVITIES ON AN ANNUAL BASIS.

25 (E) ~~(e)~~—"Public school academy" means a public school academy
26 organized under the revised school code, 1976 PA 451, MCL 380.1 to
27 380.1852.

1 (11) THE STATE TAX COMMISSION SHALL WORK WITH AN ORGANIZATION
2 THAT REPRESENTS NONPROFIT ORGANIZATIONS IN THIS STATE TO PROVIDE
3 EDUCATIONAL MATERIALS AND PROGRAMS TO ASSESSORS OF LOCAL TAX
4 COLLECTING UNITS ON THE CHANGES TO THIS SECTION MADE BY THE
5 AMENDATORY ACT THAT ADDED THIS SUBSECTION.