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## BILL ANALYSIS



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Senate Bill 1035 (as introduced 5-29-18)  
Sponsor: Senator Peter MacGregor  
Committee: Finance

Date Completed: 11-26-18

**CONTENT**

**The bill would amend the General Property Tax Act to exempt real property owned and occupied by a qualified sportsmen's club and used for the primary purpose for which that club was incorporated from the collection of taxes under the Act.**

Under the Act, all property, real and personal, within the jurisdiction of the State, not expressly exempted, is subject to taxation. Section 7o of the Act states that real or personal property owned and occupied by a nonprofit charitable institution while occupied by that nonprofit charitable institution solely for the purpose for which it was incorporated is exempt from the collection of taxes under the Act.

Section 7o provides additional exemptions for real and personal property owned by charitable and/or nonprofit entities that meet various criteria. These include, for example, real or personal property owned and occupied by a charitable trust; real property owned by a qualified conservation organization; and a charitable home of a fraternal or secret society that owns and operates facilities for the aged and chronically ill.

The bill also would exempt real property owned and occupied by a qualified sportsmen's club and used for the primary purpose for which that club was incorporated from the collection of taxes under the Act.

"Qualified sportsmen's club" would mean an entity that meets all of the following conditions:

- Is organized or established, as reflected in its articles of incorporation or bylaws, for the primary purpose of educating the public in conservation and in hunting, fishing, archery, or shooting sports and firearms safety.
- Makes its real property available to the public for uses consistent with the primary purpose for which the entity is incorporated; this requirement could be met by an entity that charged a reasonable membership fee for use of its real property.
- Offers to the public, without charge or at reduced rates, education consistent with the primary purpose for which the entity is incorporated, which would include the regular distribution of free educational literature to a local public school.
- Makes its real property available, without charge, to one or more governmental entities for uses consistent with the primary purpose for which the entity is incorporated.
- Offers membership in the entity, without charge or at reduced rates, based on the prospective member's financial ability to pay the regular membership fee; this requirement could be met by an entity that established reasonable rules concerning membership rates based on ability to pay.

The entity also would have to meet either of the following: a) Is either exempt from taxation under Section 501(c)(3) of the Internal Revenue Code; or b) is organized not for pecuniary profit, is an affiliate of a statewide conservation organization that is exempt from taxation under Section 501(c)(3) of the Code, and can demonstrate that all of its individual members are formally affiliated with that statewide conservation organization.

(Section 501(c)(3) of the Internal Revenue Code exempts corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, or other purposes.)

MCL 211.7o

Legislative Analyst: Drew Krogulecki

### **FISCAL IMPACT**

The bill would reduce State and local revenue and increase costs to the School Aid Fund. To the extent that sportsmen's clubs are currently subject to property tax, but became eligible for the proposed exemption, local property tax revenue would be reduced, State revenue from the State Education Tax to the School Aid Fund would be reduced, and the State costs of the foundation allowance payable by the School Aid Fund would increase. The amount of the revenue reduction is unknown, but the impact would depend on the number of sportsmen's clubs that qualified for the exemption, as well as the taxable value of the property and local millage rates.

Fiscal Analyst: Ryan Bergan

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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.