

SUBSTITUTE FOR
SENATE BILL NO. 960

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



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

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

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

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



1 CHARITABLE purposes for which the lessor charitable nonprofit
2 institution was organized or the charitable trust was established.

3 (5) Real property owned by a qualified conservation
4 organization that is held for conservation purposes and that is
5 open to all residents of this state for educational or recreational
6 use, including, but not limited to, low-impact, nondestructive
7 activities such as hiking, bird watching, cross-country skiing, or
8 snowshoeing is exempt from the collection of taxes under this act.

9 As used in this subsection, "qualified conservation organization"
10 means a nonprofit charitable institution or a charitable trust that
11 meets all of the following conditions:

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

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

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

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

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



1 member, employee, or trustee from benefiting from the sale of
2 property acquired for the purposes described in subdivision (a).

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

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

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

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

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

26 (i) Is a skilled nursing facility or home for the aged,
27 licensed under the public health code, 1978 PA 368, MCL 333.1101 to



1 333.25211, or is an adult foster care facility licensed under the
2 adult foster care facility licensing act, 1979 PA 218, MCL 400.701
3 to 400.737. As used in this subparagraph:

4 (A) "Adult foster care facility" means that term as defined in
5 section 3 of the adult foster care facility licensing act, 1979 PA
6 218, MCL 400.703.

7 (B) "Home for the aged" means that term as defined in section
8 20106 of the public health code, 1978 PA 368, MCL 333.20106.

9 (C) "Skilled nursing facility" means that term as defined in
10 section 20109 of the public health code, 1978 PA 368, MCL
11 333.20109.

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

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

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

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



1 JANUARY 10, 2007. As used in this sub-subparagraph, "transfer of
2 ownership" means that term as defined in section 27a.

3 ~~(9) If real or personal property owned and occupied by a~~
4 ~~nonprofit corporation is not eligible for an exemption under~~
5 ~~subsection (8), that nonprofit corporation is not precluded from~~
6 ~~applying for exemption under subsection (1).~~ EACH OF SUBSECTIONS (1)
7 THROUGH (8) PROVIDES AN INDEPENDENT BASIS FOR EXEMPTING PROPERTY
8 FROM THE COLLECTION OF TAXES UNDER THIS ACT. THE UNAVAILABILITY OF
9 AN EXEMPTION UNDER 1 SUBSECTION DOES NOT PRECLUDE THE AVAILABILITY
10 OF AN EXEMPTION UNDER ANY OTHER SUBSECTION. ALL OF THE FOLLOWING
11 CONDITIONS APPLY TO EACH OF THE EXEMPTIONS PROVIDED FOR IN
12 SUBSECTIONS (1) THROUGH (8):

13 (A) THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT IN WHICH THE
14 PROPERTY IS LOCATED OR THE DEPARTMENT OF TREASURY MAY REQUIRE AN
15 EXEMPTION APPLICANT OR RECIPIENT TO COMPLETE AN APPLICATION AND TO
16 PROVIDE OTHER DOCUMENTATION AND INFORMATION THAT IS REASONABLY
17 NECESSARY FOR THE ASSESSOR OR THE DEPARTMENT TO MAKE AN ELIGIBILITY
18 DETERMINATION.

19 (B) THE EXEMPT STATUS OF THE PROPERTY CONTINUES UNTIL THE
20 BASIS FOR THE EXEMPTION CEASES TO EXIST. IF THE BASIS FOR THE
21 EXEMPTION CEASES TO EXIST, THE OWNER OF THE PROPERTY SHALL NOTIFY
22 THE ASSESSOR OF THE LOCAL TAX COLLECTING UNIT IN WHICH THE PROPERTY
23 IS LOCATED OF THAT CHANGE BY NOT LATER THAN THE IMMEDIATELY
24 SUCCEEDING TAX DAY. IF A PROPERTY OWNER FAILS TO PROVIDE THE
25 NOTIFICATION REQUIRED BY THIS SUBDIVISION AND AS A RESULT NO ANNUAL
26 ASSESSMENT NOTICE OR TAX BILL IS ISSUED INDICATING THAT THE
27 PROPERTY IS RECEIVING AN ASSESSMENT FOR PROPERTY TAX PURPOSES, THAT



1 PROPERTY OWNER SHALL BE CONSIDERED TO HAVE CLAIMED THE EXEMPTION.

2 (10) As used in this section:

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

4 (i) THE ADVANCEMENT OF EDUCATION.

5 (ii) THE ADVANCEMENT OF RELIGION.

6 (iii) THE PROMOTION OF HEALTH AND WELLNESS.

7 (iv) THE RELIEF OF POVERTY.

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

9 (vi) THE PROMOTION OF A GOVERNMENTAL PURPOSE OR THE

10 ALLEVIATION OF BURDENS OR RESPONSIBILITIES THAT WOULD OTHERWISE BE
11 BORNE BY THE GOVERNMENT.

12 (B) ~~(a)~~-"Charitable trust" means a charitable trust registered
13 under the supervision of trustees for charitable purposes act, 1961
14 PA 101, MCL 14.251 to 14.266.

15 (C) ~~(b)~~-"Governmental entity" means 1 or more of the
16 following:

17 (i) The federal government or an agency, department, division,
18 bureau, board, commission, council, or authority of the federal
19 government.

20 (ii) This state or an agency, department, division, bureau,
21 board, commission, council, or authority of this state.

22 (iii) A county, city, township, village, local or intermediate
23 school district, or municipal corporation.

24 (iv) A public educational institution, including, but not
25 limited to, a local or intermediate school district, a public
26 school academy, a community college or junior college established
27 pursuant to section 7 of article VIII of the state constitution of



1 1963, or a state 4-year institution of higher education located in
2 this state.

3 (v) Any other authority or public body created under state
4 law.

5 (D) "NONPROFIT CHARITABLE INSTITUTION" MEANS AN ORGANIZATION
6 THAT IS A NONPROFIT ORGANIZATION EXEMPT FROM TAXATION UNDER SECTION
7 501(C) (3) OF THE INTERNAL REVENUE CODE OF 1986, 26 USC 501, AND
8 MEETS AT LEAST 2 OF THE FOLLOWING:

9 (i) OFFERS CHARITABLE SERVICES TO A PARTICULAR CLASS OF
10 INDIVIDUALS, AND DOES NOT CONDITION THE RECEIPT OF THOSE SERVICES
11 WITHIN THAT CLASS BASED UPON AN INDIVIDUAL'S HEALTH, ABILITY TO
12 PAY, OR OTHER CHARACTERISTICS.

13 (ii) SERVES A CHARITABLE PURPOSE OR A PURPOSE SET FORTH IN
14 SUBSECTION (5) (A) .

15 (iii) CHARGES NO MORE FOR ITS CHARITABLE SERVICES THAN IS
16 REASONABLY NECESSARY TO MAINTAIN THE OPERATION OF THE ORGANIZATION
17 AND ITS SERVICES AND HAS A SPECIFIC POLICY ESTABLISHED TO ASSURE
18 THAT ITS SERVICES ARE AVAILABLE TO THOSE IN NEED OF ITS CHARITY WHO
19 CANNOT PAY OR HAVE A LIMITED ABILITY TO PAY FOR THOSE SERVICES.

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

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

26 (11) THE STATE TAX COMMISSION SHALL WORK WITH AN ORGANIZATION
27 THAT REPRESENTS NONPROFIT ORGANIZATIONS IN THIS STATE TO PROVIDE



- 1 EDUCATIONAL MATERIALS AND PROGRAMS TO ASSESSORS OF LOCAL TAX
- 2 COLLECTING UNITS ON THE CHANGES TO THIS SECTION MADE BY THE
- 3 AMENDATORY ACT THAT ADDED THIS SUBSECTION.



