

STATE OF MICHIGAN
DEPARTMENT OF LICENSING & REGULATORY AFFAIRS
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
MICHIGAN TAX TRIBUNAL

Prophetic Word Ministries, Inc.,
Petitioner,

v

MTT Docket No. 433250

City of Saugatuck,
Respondent.

Tribunal Judge Presiding
Victoria L. Enyart

OPINION AND JUDGMENT

Introduction

Petitioner, Prophetic Word Ministries, Inc. ("PWM"), appeals the denial of a parsonage exemption under MCL 211.7s. Petitioner appeals, in the alternative, the ad valorem property tax assessment levied by Respondent, City of Saugatuck, against the real property owned by Petitioner for the 2012 tax year. Floyd P. Kloc, attorney, appeared on behalf of Petitioner for the ad valorem value appeal. Joel Oster, attorney for Alliance Defending Freedom, appeared on behalf of Petitioner for the parsonage exemption. Crystal L. Morgan, attorney, appeared on behalf of Respondent. Witnesses appeared on behalf of both parties. They include: Cynthia Bogner, certified real estate appraiser, John Breen, and Allan Tackett, for Petitioner, and Dianna K. McGrew, MMAO (3), Property Assessor for the City of Saugatuck.

The proceedings were brought before this Tribunal on June 28, 2012, to resolve the real property dispute. The proceedings were continued on July 12, 2012, and October 16, 2012, to resolve the parsonage exemption issue.

The parties' valuation contentions are as follows¹:

Values are:

Parcel No. 03-57-009-038-00

		Petitioner			Respondent		
Year	TCV	SEV	TV	TCV	SEV	TV	
2012	\$535,000	\$267,500	\$267,500	\$580,000	\$290,000	\$290,000	

The Tribunal finds the subject property shall be exempt as a parsonage pursuant to MCL 211.7s. It is therefore unnecessary for the Tribunal to determine the true cash value of the subject property.

Background and Introduction

The initial issue to be determined by this Tribunal is the request for a parsonage exemption from ad valorem taxation.

Petitioner appeals, in the alternative, the true cash value for the single-family residential property located at 860 Park Street, Saugatuck, Allegan County. The two-story subject property was constructed in 1995, and contains 2,940 square feet. It has water frontage, four bedrooms, 3.5 baths, two fireplaces, a one-car garage, and a walk-out basement with 950 square feet finished with a kitchen. There is a boat house, dock,

¹ TCV = true cash value; SEV = state equalized value; TV = taxable value

and decks. The subject property has twelve feet of public road between the residence and the Kalamazoo River that opens into Lake Michigan.

In addition, the subject property is located in an area designated as a critical dune area.

A structure or use located in a critical dune area that is destroyed by fire, other than arson for which the owner is found to be responsible, or an act of nature, except for erosion, is exempt from the operation of this part or a zoning ordinance under this part for the purpose of rebuilding or replacing the structure or use, if the structure or use was lawful at the time it was constructed or commenced and the structure does not exceed in size or scope that which was destroyed and does not vary from its prior use. MCL 324.35323

The only valuation issue before the Tribunal is the market value of the subject property as of December 31, 2011. It is noted that Petitioner purchased the subject property on a land contract June 8, 2011, for \$595,000. Petitioner contends the purchase price included \$30,000 of furnishings.

Petitioner's Arguments

Petitioner believes that the subject property should be exempt under MCL 211.7s. In the alternative, Petitioner contends that the true cash value of the subject property for the tax years at issue should be reduced based on its appraisal.

Petitioner's admitted exhibits:

P-10

VV 2012 Tax Year Appraisal by Cynthia L. Bogner
WW 2012 Tax Year Appraisal update by Cynthia L. Bogner

P-12 Residency documents for 850 Park Street

HHH Voter Identification Card
III Bill that was sent to 850 Park Street
JJJ Utility bill
KKK Gas bill
LLL Discontinue Service Notice
MMM Address request e-mail from USPS
NNN Consumers Energy 5-29-12 letter to Waves of Glory Church at 850 Park

P-13 Corporate Documents

- OOO Letter from the City of Saugatuck
- PPP Certification as a nonprofit organization
- QQQ Corporate Entity Details
- RRR Articles of Incorporation
- SSS Bylaws of Prophetic Word Ministries (Articles undated)**
- TTT Certificate of Assumed Name
- UUU 1998 Nonprofit Corporation Information Update
- VVV Certificate of Change of Registered Office and/or Change of Resident Agent
- WWW 12/2/10 Memorandum** of the Action of the Board of Directors of Prophetic Word Ministries to purchase the Ganges property for use as the church for PWM/Waves of Glory church
- XXX 12-1-10 Memorandum** of the Action of the Board of Directors of Prophetic Word Ministries, Inc. with **Pastoral Contract**
- YYY **3-09-11** Certificate of Assumed Name Waves of Glory Worship Center
- ZZZ **6-6-11** Memorandum of the Action of the Board of Directors of Prophetic Word Ministries, Inc to purchase 850 Park Street
- AAAA 7-1-77 Memorandum of the Action of the Board of Directors of Prophetic Word Ministries, Inc. **Pastor Qualifications**
- BBBB Department of Licensing and Regulatory Affairs Bureau of Commercial Services, Corporation Division – Nonprofit Corporation Information Update dated **9-9-11**
- CCCC 4-23-11 Certificate of Assumed Name PWMI
- DDDD Department of Licensing and Regulatory Affairs – Corporate Entity Search Page
- EEEE Letter from PNC Bank
- FFFF Prophetic Word Ministries 8-9-11 Balance Sheet
- GGGG Farm Bureau General Insurance Company of Michigan – Guardian Policy Declarations Page
- HHHH Certificate of Assumed Name – Prophetic Word Ministries International **04-26-2012**
- IIII Certificated of Assumed Name – Prophetic Word Ministries Incorporation
- JJJJ Certificate of Assumed Name – Certificate of Assumed Name – Prophetic Word Ministries Intl **04/26/2012**

P-15 Prophetic Word Ministries Ministry Documents

- NNNN Rev. Allan Tackett's Ministerial Credentials
- OOOO Honorary Degree of Doctor of Divinity for Bishop Allen Wayne Tackett
- PPPP Church Charter Certificate for Prophetic Ministries International
- QQQQ Ordained Apostle Certificate for Apostle Allan Tackett
- RRRR Church Charter Certificate for Prophetic Word Ministries International
- SSSS Ordained Bishop Certificate for Prophet Allan Tackett
- TTTT Global License & Ordination for Allan Tackett, D.D.
- UUUU Copies of Tithing Envelopes and payments from Church Members
- VVVV Copy of Repair Invoice for Church's heating system

WWWW 4-24-12 Memo from The Gathering International Church
XXXX Waves of Glory Worship Membership Questionnaire Applications
YYYY Visitor Sign-up Sheets
ZZZZ Spiritual Guidance Questions and Agreement
AAAAA Memo from Gospel Revelation Inc. by Dr. James Elijah Gay D.D.
BBBBB Copies of articles from hollandsentinel.com
CCCCC Church Members' Certificate of Dedication from Prophetic Word Ministries International
DDDDD Baptismal photographs
EEEEE Copies of online presence of Waves of Glory Worship Center
FFFFF Waves of Glory youtube.com channel video list
GGGGG Allegan News Online article
HHHHH Prophetic Word Ministries Grand Opening Notice
IIIII Waves of Glory Worship Center Business Cards
JJJJJ Postcards
KKKKK DVD of Prophetic Words Ministries Church Beginning
LLLLL DVD of Prophetic Word Ministries Dedication Ceremonies
P-16 Property Transfer Documents for 2011
NNNNN Copy of Land Contract dated 6-8-11
OOOOO Memorandum of Land Contract dated 6-8-11
PPPPP Property Transfer Affidavit dated 6-6-11
P-17 Taxation Records
RRRRR Michigan Department of Treasury Real Property Statement dated 8-23-11
SSSSS Michigan Department of Treasury Real Property Statement dated 8-23-11
TTTTT RARC Card for 850 Park Street printed on 3-6-11
UUUUU RARC Card for 850 Park Street printed on 3-3-11
VVVVV Clyde Township Exemption Approval letter dated 10-20-11 by Assessor Daniel R. Scheuerman
ZZZZZ Ganges Township Assessor Michigan Department of Treasury Notice of Assessment, Taxable Valuation, and Property Classification for 2011 for Prophetic Word Ministries
AAAAAA Saugatuck City, Michigan Department of Treasury Notice of Assessment, Taxable Valuation and Property Classification for 2012 for Prophetic Word Ministries
P-18 **Certificate of Charter dated 6-21-12**
P-19 Memoranda of Authorization dated June 6, 2011
P-20 Patricia Topping Affidavit.

Petitioner's True Cash Value

Petitioner's first witness was Cynthia Bogner, certified real estate appraiser, who testified that she prepared an appraisal of the subject property. The appraisal was admitted as P-10 VV1-VV77.

Bogner explained that she has appraised the subject property many times in the past few years. The subject property is described as being located on the Kalamazoo River, which is the mouth of the river before it opens into Lake Michigan. Park Street, however, dissects the house from the water. It is unclear exactly where the road right of way is, due to the Circuit Court not giving a legal description of the right of way. This, according to Bogner, depreciates the value of the land of the subject property. The subject property has a pond, a small retaining wall, and concrete pavement that leads up to the garage. There are wood stairs going down to the boathouse and dock.

Bogner appraised the subject property as though it excluded an 18-foot road right of way. She opined that some of the improvements would not be able to be rebuilt due to zoning restrictions.

The sales comparison approach was the only approach utilized for the single-family residential property. The cost approach was not used due to the age of the improvements. Due to the drastic economic decline it would be difficult to measure the economic obsolescence. The income approach is irrelevant because the single-family residential property would not be purchased for investment purposes.

Bogner explained that she used a qualitative analysis. She bracketed the sales based on whether or not each of the individual sales was superior or inferior to the subject property. That resulted in a range of values which led to her final conclusion.

Bogner found that river front property would be \$4,500 a front foot. There have not been any sales of the land since the road easement. Based on other appraisals and one sale in 2006, she determined that there is a 35% negative adjustment for sales of land she considered a river view, and the subject property, which is bisected by the road. This resulted in a \$2,850 per front foot value for land that equates to \$170,000. Bogner separately valued the land and the building and then added the two results together.

Bogner stated that she found the sales comparison approach to be the best indicator of value as it most accurately represents the value a willing buyer would pay in the market. In determining the market value for the subject property she considered 20 vacant land sales and 16 sales of improved properties.

Bogner explained the qualitative analysis. She bracketed the sales based on whether or not the individual sales were superior or inferior to the subject property.

Bogner supplemented her original appraisal with alternative conclusions of value in varying situations regarding the easement. The updated appraisal analyzed the subject property with a 66-foot road right of way, which divides the subject into two parcels.

Under this scenario, Bogner concluded that the property would be worth only \$445,000. She also considered that with an ongoing lawsuit for the road a potential buyer would not purchase the subject property without a significant reduction in value. She found that an eight percent discount rate was appropriate and included another \$25,000 reduction for attorney fees for a third conclusion of \$470,000.

Petitioner also put John Breen on the stand; however, the witness was withdrawn by Petitioner's counsel.

Petitioner's Parsonage Exemption

Petitioner presented Allan Tackett, who testified that he is the lead pastor for Waves of Glory Church in Ganges. This is a newly started church opened by Tackett. He testified that Waves of Glory is the only physical church location in Michigan that operates under PWM².

Petitioner purchased the subject property on June 8, 2011, via a land contract. The following is the timeline of the events that took place:

03/25/1996 Prophetic Word Ministries is incorporated as a Michigan nonprofit corporation. (Riverview, Michigan, Allan Tackett, President)
12/01/2010 Memorandum (Board of Directors) authorized pastoral contract with Tackett
12/02/2010 Memorandum (Board of Directors) to purchase 1817 68th, in Ganges for use as church property
12/31/2010 Ganges Township approved an exemption for the 1817 68th Street property for Prophetic Word Ministries

² Waves of Glory is an assumed name of PWM for the purpose of state business registration requirements.

04/09/2011 Certificate of assumed name filed for Waves of Glory Worship Center
04/23/2011 Certificate of assumed name filed for PWMI
06/06/2011 Memorandum (Board of Directors) to purchase subject property
07/01/2011 Memorandum (Board of Directors) Pastor Qualifications

The 2011 update for the nonprofit corporation states that the Officer/Director Information contains the following: Allan Tackett as President, Secretary, Treasurer, and Director. Faith Tackett is the Vice President and a Director. Ralph Tackett is a Director. The address for PWM is 850 Park Street, Saugatuck. The purpose and activities for the year states, "A non profit, national and international ministry (church) to deliver the gospel world wide through any possible out reach, and the establishing of church's [sic] and ministries, through training, licensing and ordaining of all biblical offices." P-13 BBBB1.

The four Memorandums from the Board of Directors were signed by Kenneth Clinton, Tackett's father-in-law. Tackett testified that Mrs. Tackett looked at the property when it was listed for \$800,000. They looked at approximately 150 houses over a nine-month period. Tackett agreed to do a site visit and go through the property with a realtor. Tackett explained that he thought God's money could be spent more wisely. They were traveling from Southgate to Saugatuck looking for a home. He testified that they did not have perfect credit and the land contract had a low down payment and no interest. As a "faith preacher" he believed that if they were supposed to have the property that it would work out. Petitioner purchased the subject property.

Tackett stated that he has been an ordained minister since 1977 and is ordained through Prophetic Word Ministries where he currently serves as the “Lead Pastor,” meaning that he is a leader for both the members and the other pastors. He also stated that he is ordained by the Church of God and has “unlimited powers through the Church of God worldwide.” Tr. p. 162. He further stated that he gave about 80 percent of the sermons at Waves of Glory.

Tackett also testified that there is an application process for ordination, which reviews past experience and knowledge of the Bible. He stated that his ordination was approved after a meeting with elders and was signed by the Board of Director and himself as president.

Tackett further explained that Prophetic Word Ministries is not associated with a larger organization or denomination; rather, it is a fellowship organization. The physical church associated with Prophetic Word Ministries is Waves of Glory Church in Ganges Township, Michigan. The church, or fellowship, has an attendance of somewhere between 15 and 60 people who attend the service on a regular basis. He stated that his duties as Lead Pastor included organizing services, giving spiritual guidance, and conducting outreach. According to Tackett, being the lead pastor is his only job and is his life. Prophetic Word Ministries has approximately 8 to 10 pastors locally. Tackett testified that the job of assistant pastors was “in ministry outreach for street evangelism.” Tr. p. 161. He further stated that the ministry was all about outreach and the assistant pastors are always ministering somewhere.

Respondent's Arguments

Respondent requests that the Tribunal affirm the true cash value of the subject property based on its appraisal, and deny the parsonage exemption.

Respondent's admitted exhibits:

- R-1 Respondent's valuation disclosure
- R-2 Supplement to valuation disclosure
- R-3 Aerial photograph of subject property
- R-4 Aerial photograph
- R-5 Survey of Park Street Easements
- R-6 September 29, 2011, Allegan County Circuit Court Decision and Order
- R-7 November 18, 2011 Allegan County Circuit Court Order
- R-8 Real property statement
- R-9 Property Transfer Affidavit
- R-10 Change of assessment notice
- R-11 Photograph of building
- R-12 Photograph of sign
- R-13 Prophetic Word Ministries Balance Sheet dated August 2, 2011
- R-14 Memorandum of Land Contract for subject property
- R-15 June 8, 2011, Land Contract
- R-16 Survey flag photograph
- R-17 Kenneth Clinton voter registration
- R-18 Sharon Clinton voter registration
- R-19 Zoning Ordinance excerpt

Respondent's only witness was Dianna K. McGrew, MMAO (3), Property Assessor for the City of Saugatuck. In addition to the cost approach as used in the mass assessment process, McGrew also prepared a valuation summary using the sales comparison approach as of December 31, 2011. This resulted in a true cash value indication of \$647,000; however, the Board of Review decreased the value to \$580,000, which is slightly lower than the true cash value determined by the cost approach.

McGrew explained that she used the same sales that were used for the prior year's 2011 valuation. The only additional sale was of the subject property. Two sales were

waterfront, two were water view, and two were residential properties located in the neighborhood with no view or waterfront. The similarity is the west side neighborhood is not influenced by the downtown, but has the critical dunes area that influences value.

McGrew first considered the land values that were on the assessment roll. The assessments were based on front foot values. She took the front foot value, converted it to square feet and divided it to result in an acre rate. The result was compared with the subject property's land value and adjusted for any difference. The remainder of the differences came from the state tax manual for costs.

The six sales were all located within the same critical dunes area and did not require an adjustment for location. The value per acre was the same.

McGrew explained her valuation disclosure beginning with the land. In the mass assessment a value per front foot is used to determine the value of land as if vacant. When she did the valuation disclosure the sales comparison approach was utilized. She converted the land from front foot to a dollar per square foot because some of the sales were irregularly shaped parcels and three sales did not have water frontage or view. The land value of the subject property was \$284,886, which was based on \$5,000 per front foot.³ The subject property has 18,730 square feet of land, which equates to 0.43 acre. The \$284,886 was divided by 0.43 to result in a \$662,525 value per acre.

³ The \$5,000 per front foot was a discount for the road easement. The property not subject to the recent easement is valued at \$7,000 per front foot.

McGrew then, for each of the six sales, calculated the difference in acreage and multiplied the difference by \$662,525. This resulted in the adjustments to the sales for differences in acreage.

Tribunal's Findings of Fact

1. The subject property is located at 850 Park Street, Saugatuck, Allegan County.
2. The subject property contains 2,804 square feet.
3. The subject property has 60 front feet on the Kalamazoo River with an easement for Park Street.
4. The basement is a walk-out, finished with a separate kitchen.
5. The subject property has a small pool, storage shed, and boat garage and dock.
6. Petitioner, Prophetic Word Ministries, Inc., owns the subject property and Allan Tackett, wife Faith, and in-laws Kenneth and Sharon Clinton lived in the subject property as of December 31, 2011, and continue to live in the subject.
7. Pastor Allan Tackett is an ordained minister of Prophetic Word Ministries, Inc. and he and his family occupy the subject property as their primary residence.
8. On December 2, 2010, Kenneth Clinton signed as a Board Director the authority to purchase the subject property, and authorization for Tackett as the Pastor for the Ganges Waves of Glory Church.
9. On December 1, 2010, Kenneth Clinton signed as a Board Director the authority to authorize the Pastoral Contract with Tackett.
10. On December 2, 2010, Reverend Kenneth Clinton, and Reverend Allan Tackett signed the Pastoral Contract.

11. On March 9, 2011, a Certificate of Assumed Name was filed with the Department of Energy, Labor and Economic Growth, Bureau of Commercial Services. The name of the corporation is Prophetic Word Ministries. The assumed name under which business is to be transacted is Waves of Glory Worship Center.
12. On June 6, 2011, Kenneth Clinton signed as a Board Director authorizing Rev. Allan Tackett to purchase, on behalf of Prophetic Word Ministries, the subject property for use as a parsonage.
13. On July 1, 2011, Kenneth Clinton signed as a Board Director and Allan Tackett as President of Prophetic Word Ministries, the requirements for Pastor Qualifications.
14. The Prophetic Word Ministries September 9, 2011, update to the Officer/Director information filed with the Department of Licensing and Regulatory Affairs includes the following: Allan Tackett, President, Secretary, Treasurer, Director; Faith Tackett, Vice President and Director; and Ralph Tackett, Director.
15. The Board of Directors as of September 9, 2011 (operative date December 31, 2011) does not include Kenneth Clinton, Tackett's father-in-law.

Applicable Law

Petitioner contends that the subject property is entitled to an exemption under MCL

211.7s, which states:

Houses of public worship, with the land on which they stand, the furniture therein and all rights in the pews, and any parsonage owned by a religious society of this state and occupied as a parsonage are exempt from taxation under this act. Houses of public worship includes buildings or other facilities owned by a religious society and used predominantly for

religious services or for teaching the religious truths and beliefs of the society.

The Michigan Court of Appeals in *St John's Evangelical Lutheran Church v City of Bay City*, 114 Mich App 616, 623-624; 319 NW2d 378, 382-383 (1982), has provided a detailed discussion of a parsonage with respect to teaching ministers within the context of the predecessor statute to MCL 211.7s. The Court upheld the definition of parsonage in *St Matthew Church v Delhi Twp*, 76 Mich App 599; 257 NW2d 183 (1977), which stated:

We conclude from the statutory language creating the exemption and the Supreme Court's definition of 'parsonage' that the exemption applies to any church owned house occupied by a minister ordained in that church.

Furthermore, the Court held that any residence of a pastor, or his assistants who are ordained and are responsible for the religious needs of the congregation as required by *Congregation B'nai Jacob v Oak Park*, 102 Mich App 724; 302 NW2d 296 (1981), are eligible for a parsonage exemption pursuant to MCL 211.7s. See *St John's Evangelical Lutheran Church, supra*. The law is clear: a "parsonage" as used within the context of MCL 211.7s is a structure which provides housing for an ordained minister of a gospel. It is only logical that a parsonage is the principal residence for an ordained minister "who is responsible for the religious needs of the congregation." *Congregation B'nai Jacob, supra*.

A petitioner must establish its entitlement to exemption by a preponderance of the evidence. *ProMed Healthcare v Kalamazoo*, 249 Mich App 490, 495 (2002).

Tax-exemption statutes are strictly construed in favor of the taxing unit. *Inter Cooperative Council v Dep't of Treasury*, 257 Mich App 219 (2003)

Conclusions of Law

The Tribunal must first determine if the subject is a parsonage, owned by a religious society, and if it is occupied as a parsonage. The subject is owned by Petitioner, Prophetic Word Ministries. Petitioner purchased the subject on June 8, 2011, via land contract. See P-16. Respondent contends that Petitioner does not own the subject because the land contract was signed by an individual lacking the authority to bind the seller. The Tribunal finds, however, that the enforceability of the land contract is not at issue in this case. The previous owner, San Marino Holdings, LLC, is not disputing ownership. Petitioner credibly testified that payments are being made to San Marino Holdings, LLC. See Tr. pp. 171-172. This evidences the seller's ratification of the land contract. As such, the Tribunal finds that the evidence and testimony on record supports a finding that Petitioner is the owner of the subject property.

With regard to Petitioner being a religious society, Petitioner has submitted numerous documents to demonstrate that it is a religious society, including documentation showing that it is registered as a nonprofit corporation. See P-13. In its post-hearing brief, Petitioner relies upon the definition of "religious society" in *Institute in Basic Life Principles, Inc v Watersmeet Twp*, 217 Mich App 7; 551 NW2d 199 (1996), which states that "the key test is whether an organization or association engages in teaching religious truths and beliefs." *Id.* at 13-14. The Court of Appeals continued its definition

by citing MCL 450.186 to ultimately conclude that the predominate purpose of a religious society must include teaching religious truths and beliefs. Petitioner's Bylaws indicate that the mission of Prophetic Word Ministries includes establishing churches and ministries, to train and ordain all aspects of ministries, to have schools of ministry, and help meet the needs of the underprivileged. P-13, p. SSS1. Petitioner also presented uncontested testimony that Petitioner holds weekly church services at the Waves of Glory Church in Ganges, Michigan. See Tr. pp. 164-169. Thus, the Tribunal finds that Petitioner's mission and purpose includes spreading and teaching religious truths and beliefs and that the subject is owned by a religious society as required by MCL 211.7s.

The Tribunal must next find that the subject is occupied as a parsonage. As indicated above, the Court of Appeals has held that to qualify as a parsonage the subject must be occupied by an ordained minister of the church owning the property. See *St John's Evangelical Lutheran Church, supra*. Here, Petitioner has again submitted a plethora of documentation to show that Allan Tackett resides in the property and is an ordained minister of Prophetic Word Ministries. Petitioner submitted Allan Tackett's voter's registration indicating that the subject property is his home address. A bill addressed to the subject address was also submitted indicating that it was in the name of "Prophetic Word Ministries" and "Alan Tackett." Further, Mr. Tackett specifically testified that he has occupied the subject property since June or July of 2011 when Prophetic Word Ministries purchased the subject. While the subject property has features that resemble a recreational property not entitled to an exemption (i.e., water frontage, boat house,

dock, and decks), the facts in this case are distinguishable from that of a summer cottage. Mr. Tackett occupies the subject year round rather than temporarily as a summer home. See OAG, 1951-52, No 1471 p 376. As such, the Tribunal finds that Mr. Tackett occupies the subject property as his primary residence. Additionally, it is irrelevant that Mr. Tackett's in-laws also live in the subject. The law does not preclude a property from an exemption if the parson's family resides with him in the parsonage. See generally, *Congregation B'nai Jacob, supra*.

Petitioner has submitted documentation indicating that Mr. Tackett has been an ordained minister since at least 1978 when he received his Ministerial Credential from Gospel Revelation, Inc. P-15, p. NNNN1. Mr. Tackett has also received an Honorary Degree of Doctor of Divinity from EMMAUS School of Religion. P-15, p. OOOO1. Petitioner also submitted a "Renewal to Lifetime Charter" dated June 21, 2012. P-18. This information, however, is irrelevant. Case law is clear that Petitioner must be ordained in the church that owns the subject property. See *St John's Evangelical Lutheran Church, supra*. With regard to ordination in Prophetic Word Ministries, Petitioner submitted various ordinations from The Church of God as well as a certificate from Prophetic Word Ministries International dated September 18, 2011. See P-15, pp. PPPP1-TTTT1. Tackett testified that this document was signed by himself and the Board of Directors after a meeting of the elders. He also testified that he was *authorized to ordain himself*, along with the approval of the Board. Petitioner also submitted a Memorandum of Board of Directors action authorizing the pastoral contract between Allan Tackett and Prophetic Word Ministries and a copy of the signed pastoral

contract. P-13, pp. XXX1-XXX3. Therefore, the Tribunal finds that Tackett is ordained in Prophetic Word Ministries, as established by his testimony and the “Global License and Ordination” given to Tackett by Petitioner.

Tackett also testified regarding his relationship with Prophetic Word Ministries and Waves of Glory Church. The Court of Appeals in *St John's Evangelical Lutheran Church, supra*, referenced the definition of parson to state that it is “any clergyman’ or as ‘the clergyman of a parish or congregation.’” *Id.* at 623. Black's Law Dictionary under “parson” states “See rector (1)” and defines “rector” as “[t]he spiritual head and presiding officer of a parish.” Black's Law Dictionary (8th ed). “Parson” is also defined as “a minister, esp. one having a parish.” *Webster's New World Dictionary* (1998). As such, the Tribunal finds that all documentation and testimony on record support a finding that Allan Tackett is ordained, but to be a parson and qualify for a parsonage exemption, he must preside over a parish or congregation.

Similarly, the Court of Appeals has held that to qualify for a parsonage exemption, the ordained minister be responsible for the religious needs of the congregation. See *Congregation B'nai Jacob, supra*. Tackett testified that the number of individuals that regularly attend services at Prophetic Word Ministries’ church – Waves of Glory Church – ranged from 15 to 60 individuals. There is nothing in the law regarding the size of the congregation. Mr. Tackett further testified that he, as Lead Pastor, is responsible not only for the needs of those attending the services but also the other leaders of the ministry. Specifically, Mr. Tackett stated that, among other things, as Pastor he is

required to “lead and direct, organize the services, give spiritual guidance, [and] prepare messages for [the] regular services.” As such, the Tribunal finds that Petitioner has shown that Tackett is an ordained minister responsible for the religious needs of his, albeit small, congregation. As the “Lead Pastor,” Tackett qualifies as a parson and is therefore, eligible for a parsonage exemption.

Therefore, the Tribunal finds that the subject property is entitled to an exemption under 211.7s, as Petitioner has shown that the subject is owned by a religious society and occupied as a parsonage by an ordained minister responsible for the religious needs of a congregation. Tackett's ordination in Prophetic Word was questioned by Respondent as authentic as well as the timing of the signatures of the contracts. The pastoral contract was signed on December 2, 2010; however, Tackett's Ordination Certificate is dated September 18, 2011, after Tackett was hired as pastor. In addition, the subject was purchased on June 8, 2011, prior to the ordination being signed. Tackett testified that his wife was searching for a house and found the subject property. She wanted to pursue purchasing the subject, but he felt that money could be better spent. The Tribunal has reservations regarding the fact that Tackett was hired as a pastor prior to being ordained, and that the parsonage was purchased prior to him being ordained. Tackett also testified that his ordination was signed by members of the Board of Directors. As indicated in the filing with the State of Michigan, the members of the Board include Allan Tackett, Faith Tackett, and Ralph Tackett. P-13, BBBB1. Thus, it is not clear how Kenneth Clinton, who does not appear to be on the Board of Directors, had authority to sign the ordination, the memo authorizing the purchase of the subject

property, the memo authorizing the entering of the pastoral contract, the pastoral contract, and other board actions. P-13, WWW1-AAAA1 and P-15 TTTT1. Tackett did testify that Mr. Clinton, along with the other individuals who signed the Global License and Ordination given to Tackett by Petitioner, are assistant pastors. See P-15, TTTT1. Tackett explained that there are 7-8 assistant pastors in the Waves of Glory Church. He does 80% of the sermons.

Respondent's objections in the Response to Petitioner's Post-Hearing Brief state:

Mr. Tackett testified at the hearing that he is the president of global broadcasting and filming networks, including three channels at www.wavesofglorytv.com and other channels that are not owned by PWM. He also testified that he is the president of Apostolic Prophetic Word Ministries, which is "going to be one day soon a big fellowship of ministers across the world." Mr. Tackett testified that he conducts the administrative tasks for those endeavors at the subject property. July 12, 2012, Transcript, p 184-186. Mr. Tackett also repeatedly testified that his responsibilities and goals were related to ministry world-wide. For this reason, Respondent maintains that the ministries with which Mr. Tackett is associated are national or international (or at least state-wide), and he is not a "parson" overseeing a local "congregation" as contemplated by the Legislature in MCL 211.7s.

Respondent contends that Petitioner has failed to meet its burden in this case. The evidence shows that Tackett's activities go beyond serving as an ordained minister overseeing the needs of a congregation. Respondent believes that Petitioner should have filed under MCL 450.178 as an Ecclesiastical Corporation. While this Tribunal agrees, it would have made the determination less questionable. Petitioner did file in 1996, under a non-profit status, which clearly stated the purpose for which the corporation is organized: "Nonprofit organization, to deliver the gospel throughout the world." P-13, p. RRR1. The 2011 update to the nonprofit corporation states that the

purpose and activities of the corporation include: “A nonprofit, national and international ministry (church) to deliver the gospel worldwide through any possible outreach, and the establishing of church’s [sic] and ministries, through the training, licensing, and ordaining of all biblical offices.” P-13, p BBBB1.

It is unclear to this Tribunal how Tackett started a new fellowship church, ordained himself, established himself as the Pastor of said church, and then purchased a home by the start-up church. The articles of incorporation give the President/Chief Executive officer the supreme authority to “make any decision he deems appropriate for the corporation, and can override any decision made by any board or person within the corporation. Tenure for the President shall be lifetime.” P-13, PP SSS5-6. It is unclear how this is not self-serving.

Nevertheless, MCL 211.7s does not clearly establish the requirements to qualify for a parsonage exemption and those that are derived from case law, as described above, appear to be met by the evidence submitted and the testimony on record. It is unclear whether the legislature intended for a parsonage exemption to be granted in this situation, but the statute having insufficient guidelines is something that must be fixed legislatively. Respondent requested guidelines for future requests. This Tribunal is not able to give the requested guidelines. Each exemption case is determined by the individual facts put forth.

Tackett responded to the Tribunal's inquiry as to how the church was started and as to the purchase of the \$600,000 parsonage. He stated:

Okay. My wife looked for probably about nine months for a home. When she first started looking she came to me with several homes. She told me she had been looking at the 850 Park Street address, and at that time I think they were wanting somewhere around maybe \$800,000. My words to my wife was, I believe we can spend God's money a whole lot more wisely than that. I can't see myself living in that kind of home; I don't think God would want us to have a home that nice. So she kept looking for about six more months. Every – we looked at over 100 homes, probably close to 150. Every – and we was traveling, of course, back and forth from Southgate to here because the people wanted us here, and we was having services but still looking for property. So everything we tried to work out, if it was a ghetto piece of property, it was a dead end, nothing came up, nothing.

And after about six to nine months my wife asked me again, will you go and just look at the outside of the property, because I just have always felt something for this property. So I said, if we go over there and look, then you know what we're going to do, we're faith people. I said, we're going to want to look at the inside. Then if we love it because we just trust God to do what needs to be done, we're going to be claiming the property. And I said, then we're going to want it. And I said, I don't know if we should do this, but I did. TR. pp. 45, 46.

Tackett explained that they did not have perfect credit, but the seller gave them a low down payment, with no interest on a nine-year land contract with several balloon payments. Prophetic Word Ministries have a few generous contributors that helped with making the house affordable. He also testified that Kenneth Clinton, his father-in-law, is not listed as a Board of Director, but is one. Clinton signed the pastoral contract and the Memorandums of Actions of the Board authorizing the purchase of the subject property and for the minister of the Waves of Glory Church.

Given the above, the Tribunal finds it is unnecessary to fully discuss the valuation of the subject. As the subject is exempt, the valuation is not at issue in the appeal.

The Tribunal finds that the parsonage exemption under MCL 211.7s applies to a residence of the pastor or his assistants who are ordained ministers responsible for the needs of a particular congregation. Under this definition, the subject meets the requirements and is, thus, entitled to a parsonage exemption.

JUDGMENT

IT IS ORDERED that the property's assessed and taxable values for the tax year at issue are granted a Parsonage Exemption.

IT IS FURTHER ORDERED that the officer charged with maintaining the assessment rolls for the tax years at issue shall correct or cause the assessment rolls to be corrected to reflect the property's true cash and taxable values as finally shown in this Final Opinion and Judgment within 90 days of the entry of the Final Opinion and Judgment, subject to the processes of equalization. See MCL 205.755. To the extent that the final level of assessment for a given year has not yet been determined and published, the assessment rolls shall be corrected once the final level is published or becomes known.

IT IS FURTHER ORDERED that the officer charged with collecting or refunding the affected taxes shall collect taxes and any applicable interest or issue a refund as required by this Order within 28 days of the entry of this Order. If a refund is warranted,

it shall include a proportionate share of any property tax administration fees paid and of penalty and interest paid on delinquent taxes. The refund shall also separately indicate the amount of the taxes, fees, penalties, and interest being refunded. A sum determined by the Tribunal to have been underpaid shall not bear interest for any time period prior to 28 days after the issuance of this FOJ. Pursuant to MCL 205.737, interest shall accrue (i) after December 31, 2009, at the rate of 1.23% for calendar year 2010, (ii) after December 31, 2010, at the rate of 1.12% for calendar year 2011, (iii) after December 31, 2011, and prior to July 1, 2012, at the rate of 1.09% for calendar year 2012, (iv) after June 30, 2012, and prior to January 1, 2013, at the rate of 4.25%, and (v) after December 31, 2012, and prior to July 1, 2013, at the rate of 4.25%.

This Order resolves all pending claims in this matter and closes this case.

MICHIGAN TAX TRIBUNAL

Entered: November 16, 2012 By: Victoria L. Enyart