



STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

GRETCHEN WHITMER
GOVERNOR

ORLENE HAWKS
DIRECTOR

The Salvation Army,
Petitioner,

MICHIGAN TAX TRIBUNAL

v

MOAHR Docket Nos. 18-003822,
18-003823, 18-003824 &
18-003825

Addison Township,
Respondent.

Presiding Judge
Marcus L. Abood

FINAL OPINION AND JUDGMENT

INTRODUCTION

Petitioner, The Salvation Army, appeals ad valorem property tax assessments levied by Respondent, Addison Township, against parcel numbers A-05-22-101-007, A-05-22-126-010, A-05-22-176-001, A-05-21-226-006, A-05-21-226-007, A-05-21-226-008, A-05-21-226-009, A-05-21-201-013, and A-05-21-201-015 for the 2018 tax year. William Van Eck, Attorney, represented Petitioner, and Robert Davis and William Listman, Attorneys, represented Respondent.

A hearing on this matter was held on January 6, 2020. Petitioner’s witnesses were John Turner, Matt Coakley, Martin Soffran, and Joshua Brockway. Respondent did not present any witnesses.

Based on the evidence, testimony, and case file, the Tribunal finds that the taxable value (TV) of the subject properties for the 2018 tax year are as follows:

Tax Year: 2018

Parcel No.	TV
A-05-22-101-007	\$0
A-05-22-126-010	\$0
A-05-22-176-001	\$0
A-05-21-226-006	\$0
A-05-21-226-007	\$0
A-05-21-226-008	\$0
A-05-21-226-009	\$0

A-05-21-201-013	\$0
A-05-21-201-015	\$0

PETITIONER'S CONTENTIONS

Petitioner contends that the subject is exempt under MCL 211.7o. Petitioner asserts that the parcels at issue are used to house persons necessary for the operation of the Echo Grove Camp. This use is similar to that present in *Calvin Theological Seminary v City of Grand Rapids*.¹

PETITIONER'S ADMITTED EXHIBITS

- P-1 Salvation Army General Introduction – Mission Statement
- P-2 State of Illinois – Good Standing Certificate for The Salvation Army
- P-3 US Internal Revenue Service – Tax exempt Status Letter
- P-4 The Salvation Army Restated Articles of Incorporation
- P-5 Overhead GIS Mapping Showing Each Parcel at Issue in the Case
- P-6 The Salvation Army Summer Camps at Echo Grove Camp – 2019
- P-7 Planning and Rate Sheets for Camp Groups
- P-8 Employee Housing Agreement
- P-9 The Salvation Army Site Facilities Manager Job Posting/Duties/Agreement
- P-10 Echo Grove Camp 2018 Fiscal Year Financial Statement
- P-11 Addison Township Board of Review Results/Notes

PETITIONER'S WITNESSES

Petitioner's witnesses were John Turner, Matt Coakley, Martin Soffran, and Joshua Brockway. Turner testified that he is a minister in the Salvation Army and has

¹ *Calvin Theological Seminary v City of Grand Rapids*, unpublished per curiam opinion of the Court of Appeals, issued August 13, 2019 (Docket No. 343662).

the rank of Lieutenant Colonel.² He explained that Petitioner is a nonprofit entity in Michigan.³ According to Turner, Petitioner has owned the Echo Grove Camp for nearly 100 years and is the only title holder.⁴ The Internal Revenue Service has granted Petitioner tax exempt status.⁵ Turner then described Petitioner's history and general structure.⁶ Petitioner's mission, stated Turner, is "to preach the gospel of Jesus Christ, and to meet human needs in his name without discrimination."⁷ Turner testified that the Echo Grove Camp is important in furthering Petitioner's mission because it "allows us opportunity for Christian education and character building which is a critical role we feel in the development of children in general."⁸ He agreed that Petitioner engages in charitable activity and not for pecuniary profit.⁹

During the summer months, Petitioner operates various camps, according to Turner.¹⁰ These camps include educational opportunities in Christian education and ecology.¹¹ There are camps for children seven to 10 years old, as well as teenagers.¹² Turner stated that the participants come to the camp free of charge.¹³ Petitioner may charge a \$5.00 registration fee, but that fee is returned to the child as a card that they can use to buy items from the concession stand.¹⁴ Echo Grove Camp, stated Turner, operated at a loss in 2018.¹⁵ Asked about how the camp is occupied outside the summer months, Turner stated that it is periodically occupied for Salvation Army events, such as Youth Councils and women's ministries, as well as other nonprofit groups.¹⁶ These nonprofit groups only pay a reimbursement of expenses to use the camp.¹⁷

² Tr, 12.

³ Tr, 13.

⁴ Tr, 13, 34.

⁵ Tr, 15.

⁶ Tr, 15-17.

⁷ Tr, 18.

⁸ Tr, 23-24.

⁹ Tr, 26-27.

¹⁰ Tr, 38.

¹¹ Tr, 38.

¹² Tr, 38.

¹³ Tr, 39, 42.

¹⁴ Tr, 40.

¹⁵ Tr, 49.

¹⁶ Tr, 50-52.

¹⁷ Tr, 52.

On cross-examination, Turner was referred to Respondent's exhibit 12, a list of activities conducted at Echo Grove Camp, with associated prices.¹⁸ Turner agreed that the money received, such as the \$22.00 per person fee for a high ropes course, were to offset the cost of operations.¹⁹

Coakley testified that he is the camp director for Echo Grove Camp and lives at the camp on one of the parcels at issue.²⁰ According to Coakley, he oversees the day-to-day operations of the camp.²¹ Coakley testified that the costs of his utilities are included in the costs of operating the camp.²² Asked if three of the parcels at issue contained residences for employees of the camp, Coakley agreed. Those employees were Coakley, Soffran, and Brockway.²³ Soffran, stated Coakley, was the site and facilities manager.²⁴ Brockway was the activities manager.²⁵ The three of them reside on the property year-round with their families.²⁶ Coakley agreed that all nine parcels at issue were used in some manner by Echo Grove Camp.²⁷ Coakley stated that he does not pay rent, utilities, or the expenses for the maintenance and upkeep of the house; those are paid by Petitioner.²⁸ Coakley agreed with the contents of the housing agreement between himself and Petitioner, including that he must report maintenance issues; may not smoke or drink alcohol.²⁹ In addition, Coakley agreed that he must move from the parcel within one week if Petitioner terminates his employment.³⁰ Coakley also agreed that he resides at the property because of his employment and that Petitioner requires that he reside there.³¹

According to Coakley, his day-to-day activities include meeting with team members concerning incoming groups, upkeep of the grounds, guest stays, and

¹⁸ Tr, 57.

¹⁹ Tr, 57.

²⁰ Tr, 59-60, 61.

²¹ Tr, 60.

²² Tr, 61.

²³ Tr, 61.

²⁴ Tr, 61.

²⁵ Tr, 62.

²⁶ Tr, 62.

²⁷ Tr, 64-65.

²⁸ Tr, 66.

²⁹ Tr, 67-68.

³⁰ Tr, 68.

³¹ Tr, 68-69.

emergencies.³² Coakley stated that Petitioner's exhibit P5.1 showed a maintenance parcel, which included a shop, barns, and a site and service facilities house.³³ This parcel, according to Coakley, is essential for the operation of the camp.³⁴ The parcel depicted in exhibit P5.2, stated Coakley, is used for "primitive camping or hiking."³⁵ The parcel depicted in P5.3 includes the outer edge of the primitive camping area.³⁶ Coakley testified that P5.4 shows the camp's retreat home, which is used as the program director's residence.³⁷ The program director, stated Coakley, must live on site because it allows that person access in the event of issues or special needs.³⁸ That residence was occupied by Shayna Stubblefield.³⁹ Another of the residences will be used as a retreat home.⁴⁰ The parcel shown in exhibit P5.5 and P5.6, testified Coakley, was part of the sports field for the camp, and it is used for group games, large gatherings, and marching bands.⁴¹ Coakley stated that the parcel shown on P5.7 is the parcel with his residence.⁴² The parcel shown on exhibit P5.8, stated Coakley, is the camp's activities field,⁴³ and the parcel in P5.9 is the camp's nature trail.⁴⁴ The maintenance person must live at the camp, stated Coakley, because it may be necessary to have something fixed immediately.⁴⁵ It is a requirement of employment that the maintenance person and Brockway live at the camp.⁴⁶ Coakley testified that prices charged to various groups are to recoup the costs of running the camp.⁴⁷ The concession and shop areas do not make money for the camp, testified Coakley.⁴⁸

³² Tr, 69-70.

³³ Tr, 72.

³⁴ Tr, 72.

³⁵ Tr, 73.

³⁶ Tr, 74.

³⁷ Tr, 74.

³⁸ Tr, 74-75.

³⁹ Tr, 75.

⁴⁰ Tr, 75-76.

⁴¹ Tr, 77.

⁴² Tr, 78.

⁴³ Tr, 79.

⁴⁴ Tr, 79-80.

⁴⁵ Tr, 81.

⁴⁶ Tr 81-82.

⁴⁷ Tr, 88.

⁴⁸ Tr, 96-97.

On cross-examination, Coakley stated that he lives on the parcel identified in P5.7 with his wife, three of his four children, and his dog, and that is where he carries out his day-to-day functions.⁴⁹ The entire house is available to him, and this is where he sleeps, prepares his meals, receives his mail, is registered to vote, and has his driver's license.⁵⁰ With respect to use of his parcel, Coakley stated that the parcel is crossed during hayrides.⁵¹ The parcel depicted on P5.2, stated Coakley, is used as part of the day camp area for programming, including kickball and soccer, as well as for camping.⁵² Coakley stated that the parcel in P5.3 is mostly water.⁵³ In addition to marching band practices and sports, the parcel in P5.5 is used for hayrides.⁵⁴ Often, on the hayrides, Petitioner will have a leader that "will do group initiatives or other games that are Christian in nature."⁵⁵ The recreational fields, stated Coakley, are used from April to late fall.⁵⁶ On the parcel shown on P5.8, Petitioner conducts activities including hayrides, obstacle courses, and nature walks,⁵⁷ and the parcel on P5.9 is a camping area.⁵⁸ Coakley agreed that, although the houses were primarily residences, if the Army were to need our basements or any other area of it for a program or to put staff kids or anything like that, we would do it. We would have no choice but to do it because it's not our property; it's the camp's property.⁵⁹

Coakley admitted that the predominant use of the houses is for residential use.⁶⁰ On questioning from the Tribunal, Coakley agreed that no one coming to the camp would be able to identify one parcel from another and that there are, for the most part, no boundaries between the parcels.⁶¹

⁴⁹ Tr, 103-104.

⁵⁰ Tr, 104-105.

⁵¹ Tr, 108.

⁵² Tr, 110, 111.

⁵³ Tr, 112.

⁵⁴ Tr, 115.

⁵⁵ Tr, 117.

⁵⁶ Tr, 117.

⁵⁷ Tr, 118.

⁵⁸ Tr, 118.

⁵⁹ Tr, 121.

⁶⁰ Tr, 121.

⁶¹ Tr, 122, 123.

Soffran testified that he is the Echo Grove site and facilities manager.⁶² The parcel shown on P5.1, stated Soffran, is a 10-acre parcel that includes a barn, shop, and a facility house where he is required to stay.⁶³ According to Soffran, he and his family live there full time.⁶⁴ Soffran stated that it is both necessary and required for him to live at the camp because it was “a stipulation of the position” when he was hired.⁶⁵ Soffran added that if there is a maintenance issue at the camp, he is likely the one to address it.⁶⁶ This includes sewer backups and power outages, during which he would attempt to keep buildings warm using generators.⁶⁷ On cross examination, Soffran agreed that the house at Echo Grove Camp is his primary residence.⁶⁸ Soffran also agreed that some users of the camp pay a fee.⁶⁹ Asked by the Tribunal if he had other employment while working for Petitioner, Soffran stated that he had not.

Brockway testified that he is the activities manager, which includes facilitating activities, overseeing interns, and repairing activity areas and equipment.⁷⁰ Petitioner’s counsel explained that Brockway was not on the witness list and lived on another parcel that is not a part of this appeal.⁷¹ This parcel is not at issue, and has not been consolidated with this case.⁷² Brockway testified that he verbally agreed to live at the camp when he was hired.⁷³

RESPONDENT’S CONTENTIONS

Respondent contends that the subject is not exempt under MCL 211.7o. Respondent asserts that the parcels are used for residential purposes and are not occupied solely for the purposes for which Petitioner is incorporated. Respondent requested a directed verdict with respect to parcel nos. 05-22-101-007, 05-21-226-009,

⁶² Tr, 123.

⁶³ Tr, 124.

⁶⁴ Tr, 125.

⁶⁵ Tr, 126.

⁶⁶ Tr, 127.

⁶⁷ Tr, 128.

⁶⁸ Tr, 130.

⁶⁹ Tr, 131-132.

⁷⁰ Tr, 134.

⁷¹ Tr, 134-135.

⁷² See Tr, 139.

⁷³ Tr, 137.

and 05-21-226-006, which the Tribunal declined to grant.⁷⁴ The properties are used only for residential purposes, like the property at issue in *Servants of the Word v City of Grand Rapids*.⁷⁵

RESPONDENT'S ADMITTED EXHIBITS

- R-1 Matt Coakley Deposition Transcript, dated April 16, 2019
- R-2 Martin Soffran Deposition Transcript, dated April 16, 2019
- R-3 Aerial Photograph of Parcel No. 05-22-101-007
- R-4 Echo Grove Aerial Photo Prepared by Matt Coakley
- R-5 Aerial Photograph of Parcel No. 05-22-176-001
- R-6 Aerial Photograph of Parcel No. 05-22-126-010
- R-7 Photograph of House on Parcel No. 05-22-101-007
- R-8 Photograph of House on Parcel No. 05-21-226-006
- R-9 Photograph of House on Parcel No. 05-21-226-009
- R-10 Articles of Amendment Restated Articles of Incorporation for Salvation Army
- R-11 Salvation Army Web Site Advertisement for Business Meetings at Echo Grove
- R-12 Salvation Army Web Site Activity Price List at Echo Grove
- R-13 Salvation Army Additional Web Site Advertisement for Business Meetings at Echo Grove
- R-14 Salvation Army Web Site Advertisement for Online Tour Echo Grove
- R-15 Salvation Army Web Site Advertisement for Activities and Housing Options
- R-16 Tribunal Order Denying Petitioner's Motion for Summary Disposition

⁷⁴ Tr, 140.

⁷⁵ *Servants of the Word v City of Grand Rapids*, Docket No. 17-002810 (March 29, 2019).

R-17 Tribunal Order Denying Petitioner's Motion for Reconsideration

FINDINGS OF FACT

The Tribunal's Findings of Fact concern only evidence and inferences found to be significantly relevant to the legal issues involved; the Tribunal has not addressed every peice of evidence or every inference that might lead to conflicting conclusion and has rejected evidence contrary to those findings.

1. Petitioner owns the subject properties.
2. Petitioner occupies the subject properties as part of its operation of Echo Grove Camp.
3. Petitioner is a nonprofit institution.
4. Petitioner is organized to engage in charitable, educational, missionary, philanthropic, and religious work.
5. Petitioner does not offer its charity on a discriminatory basis.
6. Petitioner brings people under the influence of education or religion, specifically the Christian Church.
7. Although Petitioner charges some participants for the use of Echo Grove Camp, these charges are only to cover the costs of operating the camp.
8. Petitioner is incorporated to "carry on every kind of operation necessary and incidental to the maintenance of such beneficial, educational, charitable, missionary, philanthropic and religious work."
9. Petitioner provides Christian education at Echo Grove Camp.
10. Echo Grove Camp's maintenance buildings, along with the residence of the maintenance director, are located on parcel no. A-05-22-101-007.
11. It is necessary for the operation of Echo Grove Camp that the maintenance director live in close proximity to the camp.
12. Parcel no. A-05-22-126-010 contains part of Echo Grove's day camp.
13. Parcel no. A-05-22-176-001 contains part of Echo Grove's primitive camping area.
14. Echo Grove Camp's program director lives in the residence on parcel no. A-05-21-226-006.

15. It is necessary for the operation of Echo Grove Camp that the program director live in close proximity to the camp.
16. Echo Grove Camp's sports field is located on parcel nos. A-05-21-226-007 and A-05-21-226-008.
17. Echo Grove Camp's director lives in the residence on parcel no. A-05-21-226-009.
18. It is necessary for the operation of Echo Grove Camp that its director live in close proximity to the camp.
19. Parcel no. A-05-21-201-013 is used for various camp activities.
20. Parcel no. A-05-21-201-015 contains a part of the Echo Grove Camp nature trail and an area for camping.

CONCLUSIONS OF LAW

The General Property Tax Act provides that "all property, real and personal, within the jurisdiction of this state, not expressly exempted, shall be subject to taxation."⁷⁶ "Exemption statutes are subject to a rule of strict construction in favor of the taxing authority."⁷⁷ It is also well-settled that a petitioner seeking a tax exemption bears the burden of proving, by a preponderance of the evidence, that it is entitled to the exemption.⁷⁸ MCL 211.7(1) provides:

Real or personal property owned and occupied by a nonprofit charitable institution while occupied by that nonprofit charitable institution solely for the purposes for which that nonprofit charitable institution was incorporated is exempt from the collection of taxes under this act.

The Michigan standard for a charitable exemption is more rigorous than the federal standard. The fact that a petitioner may qualify for tax exempt status under federal law (i.e., Section 501(c)(3) of the Internal Revenue Code) creates no presumption in favor of an exemption from property taxes.⁷⁹ In *Wexford Med Group v*

⁷⁶ MCL 211.1.

⁷⁷ *Huron Residential Servs for Youth, Inc v Pittsfield Charter Twp*, 152 Mich App 54,58; 393 NW2d 568 (1986).

⁷⁸ See *ProMed Healthcare v Kalamazoo*, 249 Mich App 490, 492; 644 NW2d 47 (2002).

⁷⁹ See *Ladies Literary Club v City of Grand Rapids*, 409 Mich 748, 753 n 1; 298 NW2d 422 (1980); see also *American Concrete Institute v State Tax Comm*, 12 Mich App 595, 606; 163 NW2d 508 (1968),

Cadillac,⁸⁰ the Supreme Court presented the test for determining if an organization is a charitable one under MCL 211.7o and stated:

1. The real estate must be owned and occupied by the exemption claimant;
2. the exemption claimant must be a nonprofit charitable institution; and
3. the exemption exists only when the buildings and other property thereon are occupied by the claimant solely for the purposes for which it was incorporated.

With respect to ownership, although no deeds for the subject properties are present in the record, Turner credibly testified that Petitioner owns the properties.⁸¹ Petitioner also occupies the parcels, as they contain residences for staff members⁸² and Petitioner uses the vacant parcels for activities such as hayrides and sports.⁸³ Thus, the Tribunal concludes that Petitioner has “a regular physical presence on the property.”⁸⁴

Under the second element, Petitioner must prove by a preponderance of the evidence that it is a “charitable institution.” In this regard, the Michigan Supreme Court concluded that the institution’s activities “as a whole” must be examined.⁸⁵ In *Mich Baptist Homes and Dev Co v Ann Arbor*,⁸⁶ the Michigan Supreme Court stated that “exempt status requires more than a mere showing that services are provided by a nonprofit corporation.” The Court also stated that to qualify for a charitable or benevolent exemption, the use of the property must “benefit the general public without restriction.”⁸⁷ Whether an institution is a charitable institution is a fact-specific question that requires examining the claimant’s overall purpose and the way in which it fulfills that purpose. In this regard, the Michigan Supreme Court held in *Wexford*,⁸⁸ that several

which states, “The Institute’s exemption from Michigan ad valorem tax is not determinable by its qualification as an organization exempt from income tax under section 501(c)(3) of the internal revenue code of 1954, but by the much more strict provisions of the Michigan general property tax act”

⁸⁰ *Wexford Med Group v Cadillac*, 474 Mich 192, 203; 713 NW2d 734 (2006).

⁸¹ Tr, 13, 34.

⁸² See Tr, 59-61, 124.

⁸³ Tr, 79, 64.

⁸⁴ *Liberty Hill Housing Corp v City of Livonia*, 480 Mich 44, 58; 746 NW2d 282 (2008).

⁸⁵ *Mich United Conservation Clubs v Lansing Twp*, 423 Mich 661, 673; 378 NW2d 737 (1985).

⁸⁶ *Mich Baptist Homes and Dev Co v Ann Arbor*, 396 Mich 660, 670; 242 NW2d 749 (1976).

⁸⁷ *Id.* at 671.

⁸⁸ *Wexford* at 215.

factors must be considered in determining whether an entity is a charitable institution for purposes of MCL 211.7o:

- (1) A “charitable institution” must be a nonprofit institution.
- (2) A “charitable institution” is one that is organized chiefly, if not solely, for charity.
- (3) A “charitable institution” does not offer its charity on a discriminatory basis by choosing who, among the group it purports to serve, deserves the services. Rather, a “charitable institution” serves any person who needs the particular type of charity being offered.
- (4) A “charitable institution” brings people’s minds or hearts under the influence of education or religion; relieves people’s bodies from disease, suffering, or constraint; assists people to establish themselves for life; erects or maintains public buildings or works; or otherwise lessens the burdens of government.
- (5) A “charitable institution” can charge for its services as long as the charges are not more than what is needed for its successful maintenance.
- (6) A “charitable institution” need not meet any monetary threshold of charity to merit the charitable institution exemption; rather, if the overall nature of the institution is charitable, it is a “charitable institution” regardless of how much money it devotes to charitable activities in a particular year.

The Tribunal has little trouble concluding that Petitioner is a nonprofit charitable institution. The Internal Revenue Service recognizes Petitioner as tax-exempt under the Internal Revenue Code Section 501(c)(3).⁸⁹ Relevant to the second *Wexford* factor, the Michigan Supreme Court established the following definition of “charity”:

“[C]harity * * * [is] a *gift*, to be applied consistently with existing laws, for the benefit of an indefinite number of persons, either by bringing their minds or hearts under the influence of education or religion, by relieving their bodies from disease, suffering or constraint, by assisting them to

⁸⁹ See P-3.

establish themselves for life, or by erecting or maintaining public buildings or works or *otherwise lessening the burdens of government.*"⁹⁰

According to Petitioner's Articles of Incorporation, it is organized to conduct "charitable, educational, missionary, philanthropic and religious work. . . ." ⁹¹ Turner credibly testified that Petitioner's mission is to "to preach the gospel of Jesus Christ, and to meet human needs in his name without discrimination."⁹² Because Petitioner is organized for religious work, the Tribunal concludes that it is organized to bring people's "minds or hearts under the influence of education or religion."⁹³ As such, Petitioner satisfies the first two *Wexford* factors.

Under the third *Wexford* factor, a 'charitable institution' serves any person who needs the particular type of charity being offered."⁹⁴ In *Baruch SLS, Inc v Tittabawassee Twp*,⁹⁵ the Michigan Supreme Court stated that this factor bans "restrictions or conditions on charity that bear no reasonable relationship to an organization's legitimate charitable goals."⁹⁶ "Factor three is intended to exclude organizations that discriminate by imposing purposeless restrictions on the beneficiaries of the charity."⁹⁷ As stated above, Petitioner's mission is to "to preach the gospel of Jesus Christ, and to meet human needs in his name without discrimination,"⁹⁸ and the Echo Grove Camp provides the opportunity for Christian education and character building.⁹⁹ Petitioner has churches, called corps, approximately 26 of which are in eastern Michigan.¹⁰⁰ According to Turner, most of the people who come to Echo Grove do so through the corps community centers.¹⁰¹ The corps pay an assessment that helps fund Echo Grove Camp, and may send as many children as they like to the

⁹⁰ *Retirement Homes of the Detroit Annual Conference of the United Methodist Church, Inc v Sylvan Twp*, 416 Mich 340, 348-349; 330 NW2d 682 (1982) (citation omitted, emphasis in original).

⁹¹ P-4.

⁹² Tr, 18.

⁹³ *Retirement Homes*, 416 Mich at 349.

⁹⁴ *Wexford*, 474 at 215

⁹⁵ *Baruch SLS, Inc v Tittabawassee Twp*, 500 Mich 345; 901 NW2d 843 (2017).

⁹⁶ *Id.* at 357.

⁹⁷ *Id.*

⁹⁸ Tr, 18.

⁹⁹ Tr, 23-24.

¹⁰⁰ Tr, 19.

¹⁰¹ Tr, 24.

camp.¹⁰² Petitioner operates different types of camps, including a teen camp and a music camp.¹⁰³ Turner testified that there is no discrimination or determination concerning the children that attend the camp.¹⁰⁴ Accordingly, the Tribunal concludes that Petitioner does not offer its charity on a discriminatory basis and satisfies the third *Wexford* factor. Petitioner's purpose and mission is to engage in Christian education and meet human needs,¹⁰⁵ which the Tribunal concludes satisfies the fourth *Wexford* factor.

Under the fifth *Wexford* factor, a " 'charitable institution' can charge for its services as long as the charges are not more than what is needed for its successful maintenance."¹⁰⁶ The attendees of the camps do not pay a charge.¹⁰⁷ Echo Grove lost money, \$49,264, in 2018.¹⁰⁸ Should the camp operate with a surplus, that surplus carries over to the following year to help offset any loss.¹⁰⁹ Fees charged are to reimburse expenses.¹¹⁰ Based on this, the Tribunal concludes that the fees Petitioner charges for use of Echo Grove Camp are not more than is needed for its successful maintenance. Finally, based on the foregoing, the Tribunal concludes that Petitioner's overall nature is charitable and thus it satisfies the sixth *Wexford* factor. As such, the Tribunal finds that Petitioner has shown, by a preponderance of the evidence, that it is a charitable institution.

The primary dispute in this matter is the use of the subject properties, as Respondent contends that Petitioner does not use the properties "solely for the purposes for which it was incorporated."¹¹¹ The relevant question is whether the properties are "occupied in furtherance of and for the purposes for which plaintiff was incorporated. . . ." ¹¹² In *Gull Lake Bible Conference Ass'n v Ross Twp*,¹¹³ a case

¹⁰² Tr, 36.

¹⁰³ Tr, 38.

¹⁰⁴ Tr, 39.

¹⁰⁵ Tr, 18.

¹⁰⁶ *Wexford*, 474 Mich at 215.

¹⁰⁷ Tr, 39, 42.

¹⁰⁸ Tr, 48; P-10, p 2.

¹⁰⁹ Tr, 49-50.

¹¹⁰ See Tr, 51, 52

¹¹¹ *Wexford*, 474 Mich at 203.

¹¹² *Oakwood Hosp Corp v Mich State Tax Comm*, 374 Mich 524, 530; 132 NW2d 634 (1965).

¹¹³ *Gull Lake Bible Conference Ass'n v Ross Twp*, 351 Mich 269; 88 NW2d 264 (1958).

involving housing for a charitable institution, our Supreme Court explained that this inquiry is “largely governed by the purposes set forth in its Articles for its incorporation.”¹¹⁴ Later, in *Oakwood Hospital*, our Supreme Court again addressed housing in the context of a charitable institution exemption. There, the petitioner’s doctors and interns resided in physicians’ housing near the hospital because “housing the doctors and interns near the hospital was necessary to the proper functioning of the hospital and . . . trainees were ‘unwilling to come [to be trained at the hospital] unless furnished housing by the hospital.’ ”¹¹⁵ The housing received an exemption from the payment of property tax because the Court found the rental housing was “occupied in furtherance of and for the purposes for which plaintiff was incorporated and for hospital and public health purposes.”¹¹⁶

Recently, the Tribunal applied *Gull Lake* and *Oakwood Hospital* to off-campus housing for a religious seminary, a decision affirmed by the Court of Appeals.¹¹⁷ The Tribunal concludes that the reasoning applied in *Calvin Theological Seminary* is persuasive. There, the parcels at issue were off-campus housing properties.¹¹⁸ The petitioner’s purposes included educating future ministers and doing “all things necessary and incident to or usually done by similar types of institutions.”¹¹⁹ The Court Agreed with the Tribunal’s reasoning that student housing was necessary for the petitioner to fulfill its purposes.¹²⁰ Further, that the housing parcels were not contiguous to the campus was irrelevant because the question was whether the occupancy was necessary for the furtherance of the petitioner’s purposes, not whether the parcels were contiguous to the main campus.¹²¹

The Tribunal concludes, as it did in *Calvin Theological Seminary*, that Petitioner’s use of the subject parcels is solely for the purposes for which it was incorporated. Petitioner’s Articles of Incorporation provide its purposes:

¹¹⁴ *Id.* at 275.

¹¹⁵ *Oakwood Hosp*, 374 Mich at 530.

¹¹⁶ *Id.*

¹¹⁷ See *Calvin Theological Seminary v City of Grand Rapids*, Docket Nos. 17-001262 & 17-001267 (April 16, 2018).

¹¹⁸ *Calvin Theological Seminary*, unpub op at 1.

¹¹⁹ *Id.* at 7.

¹²⁰ *Id.*

¹²¹ *Id.* at 8.

The object for which it is formed is, to further the work of the Christian Church known as THE SALVATION ARMY, and to engage in charitable, educational, missionary, philanthropic and religious work, and more particularly charitable, educational, missionary, philanthropic and religious work of the character that has been and is being conducted by the branch of the Christian Church known as THE SALVATION ARMY, and to do everything, and to act and carry on every kind of operation necessary and incidental to the maintenance of such beneficial, educational, charitable, missionary, philanthropic and religious work, but that all of such work shall be conducted not for pecuniary profit; to receive and hold both real and personal property, of and for religious societies and associations belonging to such branch of the Christian Church known as THE SALVATION ARMY, and to execute trusts thereof, also from time to time to transact any business and carry on any work or operations in connection with and for the purposes of the foregoing, but at no time for pecuniary profit; to enter into, make, perform and carry out, contracts of every kind, and for any lawful purpose; issue bonds or obligations of the corporation and secure the same by trust deed, mortgage, pledge or otherwise, if deemed best or necessary by said corporation, and to dispose of the same; take and hold, by lease, gift, purchase, grant, devise or bequest, any property (real or personal) for the objects of said corporation; to borrow money for the purposes of the corporation, and issue bonds therefor, and to secure the same by mortgage, trust deed, or otherwise. The corporation shall and may exercise all the powers now and hereafter granted by the laws of the State of Illinois to corporations organized under the said Act.¹²²

Petitioner's "charitable, educational, missionary, philanthropic and religious work" includes the operation of the Echo Grove Camp, at which, Turner testified, Christian education occurs as well as character building.¹²³ The Tribunal notes that Respondent does not dispute that the main camp is exempt.¹²⁴ With respect to the subject parcels, parcel no. A-05-22-101-007 is the parcel containing the camp's maintenance buildings, along with Soffran's residence.¹²⁵ According to Coakley, it is necessary for Soffran to live there because he is the maintenance expert.¹²⁶ Parcel no. A-05-22-126-010 is a portion of the day camp.¹²⁷ Parcel no. A-05-22-176-001 is a small portion of the

¹²² P-4 (alteration in original).

¹²³ Tr, 23-24.

¹²⁴ Tr, 159.

¹²⁵ Tr, 72, 124; P-5.1.

¹²⁶ Tr, 81.

¹²⁷ Tr, 73; P-5.2.

primitive camping area.¹²⁸ Parcel no. A-05-21-226-006 is the camp's former retreat home now used as program director's residence.¹²⁹ Coakley testified that having the program director live on the parcel allows that person quick access to facilities if there are programming issues, if staff fails to come to do their job, and for emergencies.¹³⁰ Parcel nos. A-05-21-226-007 and A-05-21-226-008 contain the sports field.¹³¹ These parcels are used for "[a]ny activities that require open space; group games, large gatherings or marching bands use it frequently because of its vast openness."¹³² Parcel no. A-05-21-226-009 contains the camp director's residence.¹³³ Coakley testified that living on this parcel is a requirement of his employment.¹³⁴ Parcel no. A-05-21-201-013 is the activities parcel, which Petitioner uses for activities such as hayrides and obstacle courses.¹³⁵ Parcel no. A-05-21-201-015 is a portion of the camp's nature trail and contains an area for camping.¹³⁶

The Tribunal concludes that the subject properties are occupied solely for the purposes for which Petitioner was incorporated. The camp could not operate without the services of a camp director, program director, and maintenance director. These roles are essential to the operation of the camp because they oversee the staff and activities, as well as maintain the camp. And, as Petitioner's witnesses credibly testified, the people who fill these roles must be present near the camp in the case of emergencies involving camp attendees or maintenance issues.¹³⁷ Further, the parcels without residences are used for camp activities, including hayrides and obstacle courses. All of the uses of the subject parcels support Petitioner's charitable goals of Christian education and character building. The use of all the subject parcels is thus in accordance with Petitioner's Articles of Incorporation, i.e. "necessary and incidental to

¹²⁸ Tr, 74; P-5.3.

¹²⁹ Tr, 74, 75; P-5.4.

¹³⁰ Tr, 75-77.

¹³¹ Tr, 77, 78; P-5.5 and 5.6.

¹³² Tr, 77.

¹³³ Tr, 78; P-5.7.

¹³⁴ Tr, 78.

¹³⁵ Tr, 79; P-5.8.

¹³⁶ Tr, 80; P-5.9.

¹³⁷ See Tr, 75-77, 81.

the maintenance of . . . beneficial, educational, charitable, missionary, philanthropic and religious work”¹³⁸ at Echo Grove Camp.

Respondent argues that parcels containing houses are used primarily for residential purposes and cites *Servants of the Word*. There, the charity provided was mission trips.¹³⁹ The subject property, however, was primarily used for residential purposes, not planning the trips.¹⁴⁰ Here, although the houses on the three residential parcels are used for residences, as explained above, this residential use is necessary and incidental to fulfilling Petitioner’s charitable purposes of providing Christian education. *Servants of the Word* is thus distinguishable from this case and does not compel the conclusion that the subject properties are not used solely for the purposes for which Petitioner was incorporated.

The Tribunal finds, based upon the Findings of Fact and the Conclusions of Law set forth herein, that the subject properties are entitled to an exemption under MCL 211.7o for the 2018 tax year. The subject property’s TCV, SEV, and TV for the tax year at issue are as stated in the Introduction section above.

JUDGMENT

IT IS ORDERED that the property’s SEV and TV for the tax year(s) at issue are MODIFIED as set forth in the Introduction section of this Final Opinion and Judgment.

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 20 days of the entry of the Final Opinion and Judgment, subject to the processes of equalization. See MCL 205.755. To the extent

¹³⁸ P-4.

¹³⁹ *Servants of the Word*, p 3.

¹⁴⁰ See *id.* at 26.

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 within 28 days of entry of this Final Opinion and Judgment. If a refund is warranted, it shall include a proportionate share of any property tax administration fees paid and 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 unlawfully paid shall bear interest from the date of payment to the date of judgment, and the judgment shall bear interest to the date of its payment. 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 Final Opinion and Judgment.

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, through June 30, 2012, at the rate of 1.09%, (iv) after June 30, 2012, through June 30, 2016, at the rate of 4.25%, (v) after June 30, 2016, through December 31, 2016, at the rate of 4.40%, (vi) after December 31, 2016, through June 30, 2017, at the rate of 4.50%, (vii) after June 30, 2017, through December 31, 2017, at the rate of 4.70%, (viii) after December 31, 2017, through June 30, 2018, at the rate of 5.15%, (ix) after June 30, 2018, through December 31, 2018, at the rate of 5.41%, (x) after December 31, 2018 through June 30, 2019, at the rate of

5.9%, (xi) after June 30, 2019 through December 31, 2019, at the rate of 6.39%, and (xii) after December 31, 2019, through June 30, 2020, at the rate of 6.40%.

This Final Opinion and Judgment resolves all pending claims in this matter and closes this case.

APPEAL RIGHTS

If you disagree with the final decision in this case, you may file a motion for reconsideration with the Tribunal or a claim of appeal with the Michigan Court of Appeals.

A Motion for reconsideration must be filed with the required filing fee within 21 days from the date of entry of the final decision.¹⁴¹ Because the final decision closes the case, the motion cannot be filed through the Tribunal's web-based e-filing system; it must be filed by mail or personal service. The fee for the filing of such motions is \$50.00 in the Entire Tribunal and \$25.00 in the Small Claims Division, unless the Small Claims decision relates to the valuation of property and the property had a principal residence exemption of at least 50% at the time the petition was filed or the decision relates to the grant or denial of a poverty exemption and, if so, there is no filing fee.¹⁴² A copy of the motion must be served on the opposing party by mail or personal service or by email if the opposing party agrees to electronic service, and proof demonstrating that service must be submitted with the motion.¹⁴³ Responses to motions for reconsideration are prohibited and there are no oral arguments unless otherwise ordered by the Tribunal.¹⁴⁴

¹⁴¹ See TTR 261 and 257.

¹⁴² See TTR 217 and 267.

¹⁴³ See TTR 261 and 225.

¹⁴⁴ See TTR 261 and 257.

A claim of appeal must be filed with the appropriate filing fee. If the claim is filed within 21 days of the entry of the final decision, it is an “appeal by right.” If the claim is filed more than 21 days after the entry of the final decision, it is an “appeal by leave.”¹⁴⁵ A copy of the claim must be filed with the Tribunal with the filing fee required for certification of the record on appeal.¹⁴⁶ The fee for certification is \$100.00 in both the Entire Tribunal and the Small Claims Division, unless no Small Claims fee is required.¹⁴⁷

By 

Entered: March 3, 2020
wmm

¹⁴⁵ See MCL 205.753 and MCR 7.204.

¹⁴⁶ See TTR 213.

¹⁴⁷ See TTR 217 and 267.