

State Tax Commission Bulletin No. 19 of 2000

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Exemption for Parks

TO: Assessors
Equalization Directors
FROM: State Tax Commission (STC)

RE: EXEMPTION FOR PARKS OWNED BY LOCAL UNITS OF GOVERNMENT

Section 7m of the General Property Tax Act provides the following:

Property owned by, or being acquired pursuant to, an installment purchase agreement by a county, township, city, village, or school district used for public purposes and property owned or being acquired by an agency, authority, instrumentality, nonprofit corporation, commission, or other separate legal entity comprised solely of, or which is wholly owned by, or whose members consist solely of a political subdivision, a combination of political subdivisions, or a combination of political subdivisions and the state and is used to carry out a public purpose itself or on behalf of a political subdivision or a combination is exempt from taxation under this act. Parks shall be open to the public generally. This exemption shall not apply to property acquired after July 19, 1966, unless a deed or other memorandum of conveyance is recorded in the county where the property is located before December 31 of the year of acquisition, or the local assessing officer is notified by registered mail of the acquisition before December 31 of the year of acquisition.

Section 7x of the General Property Tax Act provides the following:

Land dedicated to the public and used as a park open to the public generally; any monument ground or armory belonging to a military organization which is not used for gain or any other purpose; and all property owned by a nonprofit corporation organized to take title to property previously owned by the state when the property owned by that corporation is leased to the state are exempt from taxation under this act. As used in this subdivision, "public" means all the residents of this state.

It has come to the attention of the State Tax Commission that there are parks owned by local units of government which have been granted exemptions from taxation even though nonresidents are not allowed to use the parks.

It is the position of the State Tax Commission that, in order for a park to be exempt from property taxation, it must be open to the public without restriction, not just to a limited group such as residents of the governmental units and their guests. This position is supported by Attorney General Opinion No. 5690 of 1979-1980 and by the Court of Appeals decision in *Balogh v. City of Flat Rock*, 152 Mich App 517 (1985).

The State Tax Commission therefore directs that assessors shall NOT grant exemptions to public parks owned by local units of government unless they are open to the public without restriction. "Public" is defined in section 7x as "all the residents of this state."

It has also come to the attention of the State Tax Commission that some local units have established differential admission fees for entrance to public parks such that non-residents pay a higher fee than residents. It is the opinion of the State Tax Commission that differential admission fees do NOT cause a park to lose its exempt status provided that the fee for non-residents is reasonable.