

State Tax Commission Bulletin No. 18 of 2000

November 28, 2000

Expansion of Charitable Exemption

TO: Assessors

Equalization Directors

FROM: State Tax Commission (STC)

RE: EXPANSION OF THE CHARITABLE EXEMPTION CONTAINED IN MICHIGAN COMPILED LAW (MCL) 211.7o

Attached is a copy of Public Act (PA) 309 of 2000 which was signed by Governor Engler on October 17, 2000 with an effective date of October 17, 2000. The new language added by this act is underlined on the enclosed copy of the act.

Starting with 2001 assessments, PA 309 of 2000 expands the charitable exemption to include the following 2 situations.

1. Real or Personal Property Owned by a Nonprofit Charitable Institution (or Charitable Trust) that Is Leased, Loaned or Otherwise Made Available to a Governmental Entity.

PA 309 of 2000 provides an exemption for real or personal property **owned** by a nonprofit charitable institution (or charitable trust) that is leased, loaned or otherwise made available to **a governmental entity** provided that **BOTH** of the following conditions are satisfied:

- a. The real or personal property would be exempt from the collection of taxes under MCL 211.7m if the real or personal property were owned or were being acquired pursuant to an installment purchase agreement by the governmental entity which is the **lessee (user)** of the property. MCL 211.7m is the section of law which exempts property owned by a county, township, city, village, or school district and used for public purposes.

Note: The term "governmental entity" is defined by PA 309 of 2000.

- b. The real or personal property would be exempt from the collection of taxes under the General Property Tax Act if it were occupied by the **lessor** (nonprofit charitable institution or charitable trust) solely for the purposes for which the **lessor** was organized or established. **The lessor is the owner of the property.**

THE PART OF THE CHARITABLE EXEMPTION DESCRIBED ABOVE IS EFFECTIVE FOR TAXES LEVIED STARTING IN 1998.

1. Real or Personal Property Owned by a Nonprofit Charitable Institution and Used by the Institution's Chief Executive Officer as a Principal Residence.

PA 309 of 2000 also provides an exemption for real or personal property owned by a nonprofit charitable institution and used by the institution's chief executive officer as a principal residence provided ALL of the following 3 requirements are met:

- a. The property must be used by the chief executive officer as a condition of his or her employment.
- b. The property must be contiguous to the real property that contains the principal place of business of the nonprofit charitable institution.
- c. The exemption must be authorized by a resolution of the local tax collecting unit in which the property is located.

Important Note: PA 309 of 2000 also clarifies that property exempt under MCL 211.7o includes both real and personal property.