

Senate Fiscal Agency  
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**SFA**



**BILL ANALYSIS**

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Senate Bill 801 (Substitute S-1 as reported)  
Sponsor: Senator John J. H. Schwarz, M.D.  
Committee: Finance

Date Completed: 3-20-00

### **RATIONALE**

The General Property Tax Act exempts from the tax property owned by various entities, including government, memorial homes, clinics and hospitals, and educational organizations. The Act also exempts houses of public worship and any parsonage owned and occupied by a religious society. In addition, property owned by a nonprofit charitable institution while occupied by that institution solely for its incorporated purposes is exempt from property taxes. One nonprofit charitable organization, the Miller Foundation in Battle Creek, requires its chief executive officer, as a condition of employment, to live in a dwelling that is contiguous to the foundation's principal place of business. It has pointed out that, unlike the treatment of a parsonage, there is no specific exemption for a foundation's residence. It has been suggested that the Act exempt from taxation the residence of a nonprofit charitable institution, under specified conditions.

### **CONTENT**

The bill would amend the General Property Tax Act to exempt from the tax real or personal property owned by a nonprofit charitable institution that was occupied and used by the institution's chief executive officer, as his or her principal residence as a condition of employment. The property would have to be contiguous to real property that contained the nonprofit charitable institution's principal place of business.

MCL 211.7o

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### **Supporting Argument**

The proposed exemption would be similar to the exemption provided by the Act for a parsonage occupied by a minister next to his or her church.

This would be consistent with the general tax exemptions provided under the Act to various religious, charitable, educational, and benevolent organizations. While the bill would benefit the Miller Foundation in Battle Creek, other nonprofit charitable institutions also could take advantage of the additional exemption.

#### **Opposing Argument**

Individually, this bill would have minimal impact on the property tax collections of local units; however, the bill would add yet another exemption to the long list of exemptions found in the Act. Over time, the collective effect of these exemptions is a significant loss of revenue, and administrative problems for local assessors.

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

The bill would minimally reduce property tax revenue for the State and the City of Battle Creek.

Fiscal Analyst: R. Ross

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.