

Legislative Analysis



CLARIFY EXEMPTION FOR LAND OF CHARITY HELD FOR CONSERVATION & RECREATION PURPOSES

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House Bill 6036 as enrolled
Public Act 576 of 2004
Sponsor: Rep. Lorence Wenke
House Committee: Tax Policy
Senate Committee: Finance

Second Analysis (1-6-05)

BRIEF SUMMARY: The bill would exempt from property taxes the real property of certain conservation organizations that is held for conservation purposes and open for educational and recreational uses taxes.

FISCAL IMPACT: As written, the bill should have no state or local fiscal impact.

THE APPARENT PROBLEM:

The Michigan Nature Association was founded in 1951 as a bird-watching group intent on protecting Michigan's wildlife. Since the 1970's, the group has actively purchased, maintained, and protected nature sanctuaries and preserves and natural areas within the state. Today, the MNA owns approximately 800,000 acres of nature sanctuaries and preserves, spread among 160 parcels of land in 53 counties. All of this land is exempt from property taxes. Nevertheless, local units have often denied the tax exemptions, with the MNA prevailing on appeals to the State Tax Commission, Michigan Tax Tribunal, and appellate courts. In a recent case, the association fought with Saugatuck Township over 72 acres of land the association owned in the township. In a September 2003 decision, the tax tribunal once again ruled that the property was exempt from taxation. Given that the association has had to repeatedly defend its tax exempt status (reportedly prevailing every time), legislation clarifying the tax exempt status of the association's land (and similar property) has been introduced.

THE CONTENT OF THE BILL:

The bill would amend the General Property Tax Act to specify that real property of a "qualified conservation organization" held for conservation purposes and open to all residents of the state for educational and recreational use would be exempt from taxation under the act.

The bill would define "qualified conservation organization" to mean a nonprofit charitable institution or a charitable trust that meets all of the following conditions:

- It is organized or established, as reflected in its articles of incorporation or trust documents, for the purpose of acquiring, maintaining, and protecting nature

sanctuaries, nature preserves, and natural areas that predominantly contain natural habitat for fish, wildlife, and plants.

- It is required under its articles of incorporation, bylaws, or trust documents to hold in perpetuity property acquired for the purpose of maintaining and protecting nature sanctuaries, nature preserves, and natural areas in the state, unless the property is no longer suitable for that purpose or the sale of the property is approved by a majority vote of the members or trustees.
- Its articles of incorporation, bylaws, or trust documents prohibit any officer, shareholder, board member, employee, or trustee or one of their family members from benefiting from the sale of property acquired for maintaining and protecting nature sanctuaries, nature preserves, and natural areas.

MCL 211.7o

ARGUMENTS:

For:

This bill is considered to be a clarification of state tax law rather than a significant change in policy. For the past several decades, the Michigan Nature Association has successfully claimed a property tax exemption for the sanctuaries and preserves it acquires. Despite consistent support from the State Tax Commission, Michigan Tax Tribunal, and appellate courts, many local taxing units have denied the property tax exemption. In every case, the organization has prevailed. The bill should hopefully clarify once and for all the tax exempt status of the land.

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