

# Legislative Analysis

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## **PROPERTY TAX EXEMPTION FOR FRATERNAL, VETERANS, AND MASONIC ORGANIZATIONS**

Mitchell Bean, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

### **House Bill 5541**

**Sponsor: Rep. Robert Gosselin**

### **House Bill 5761**

**Sponsor: Rep. Rick Jones**

**Committee: Tax Policy**

**Complete to 4-19-06**

## **A SUMMARY OF HOUSE BILL 5541 AS INTRODUCED 1-11-06 AND HOUSE BILL 5761 AS INTRODUCED 2-28-06**

Generally speaking, the bills would exempt property owned by fraternal organizations, veterans organizations, and Masonic associations from property taxes.

### **House Bill 5541**

The bill would amend the General Property Tax Act (MCL 211.7o) to extend certain exemptions from taxation under the act that are currently afforded to nonprofit charitable institutions and charitable trusts to fraternal organizations and veterans organizations.

The bill would exempt real or personal property owned and occupied by a fraternal or veterans organization from taxation under the act, if the property is occupied by that organization solely for the purposes for which the organization was established.

The act, generally speaking, provides that property owned and occupied by a nonprofit charitable institution or charitable trust and leased, loaned, or otherwise made available to, and occupied by, another nonprofit charitable institution or charitable trust, or a governmental entity or other nonprofit organizations, is exempt from taxation under the act if the property is used solely for the purposes for which the lessor organization was organized or established. The bill would amend the act so that these provisions would also apply to a fraternal or veterans organization.

The act further exempts from taxation under the act a charitable home of a fraternal or secret society or a nonprofit corporation whose stock is entirely owned by a religious society or a fraternal organization that, among other requirements, owns and operates facilities for the aged and chronically ill. Again, the bill would extend the above exemption to veterans organizations, so that a charitable home of a veterans organization or a nonprofit corporation whose stock is entirely owned by a veterans organization and meets the other requirements stated above.

The bill would define "fraternal or veterans organization" to mean an organization within the state, not including a college fraternity or sorority, that (1) is not organized for pecuniary profit; (2) is a branch, lodge, or chapter of a national or state fraternal or veterans organization; and (3) exists for a common purpose, brotherhood, or other interests of its members.

### **House Bill 5761**

The bill would amend Public Act 1 of 1895 (MCL 457.224a), concerning the incorporation of Masonic associations, to exempt real and personal property owned by a Masonic association and used solely for Masonic purposes from taxation under the General Property Tax Act.

### **FISCAL IMPACT:**

The fiscal impact cannot be determined due to data constraints; however, the impact could be significant for any given local unit.

Legislative Analyst: Mark Wolf  
Fiscal Analyst: Jim Stansell

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