

Sandstone Charter Township

Guidelines for the Assessor's Review of Ad Valorem Property Tax Exemptions

Pursuant to Michigan General Property Tax Law the Township Assessor is responsible for completing the annual assessment roll and determining the properties subject to taxation. As part of this duty, the Assessor grants or denies exemption requests. In reviewing exemptions requests, the Assessor considers and applies Michigan law and court decisions.

PLEASE NOTE:

- An organization structured as a nonprofit organization does not automatically qualify for a property tax exemption.
- An organization's income tax status does not affect or predetermine the taxable status of its property under the Michigan general property tax law.
- The exemption claimant must meet criteria to be eligible for a property tax exemption under Michigan law.
- While a 501(c)(3) ruling from the Internal Revenue Service may indicate an organization is charitable, religious, scientific, or educational, it does not by itself determine eligibility for a property tax exemption. (Internal Revenue Code Sec. 501(c)3 is *not* a property tax exemption law, but rather deals with exemption from Federal Income Tax.)
- Property must be actively in use for the purpose stated as the reason for the exemption.

Exemption Review – Michigan Law and Court Decisions

The Michigan Constitution provides for exemption of property owned and occupied by nonprofit religious or educational organizations and used for religious or educational purposes.

Michigan law provides for various exemptions for charitable, religious, educational, and scientific nonprofit organizations. Property tax exemptions are found in Michigan's General Property Tax Law (Public Act 206 of 1893; MCL 211.7 (real property) and MCL 211.9 (personal property).

See <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-206-1893-REAL-ESTATE-EXEMPTIONS>.

Michigan Tax Tribunal Four-Part Test:

1. The real estate or personal property must be owned, occupied, and used by the exemption claimant as of December 31st of each year.
2. The exemption claimant must be a library, charitable, educational, scientific, or religious institution.
3. The claimant must be incorporated under the laws of the State of Michigan or any other state in U.S.
4. The exemption only exists when the buildings or other property thereon are occupied by the claimant solely for the purpose for which it was incorporated, or as further limited by the applicable statute.

In addition to the foregoing Michigan statutes and regulations, the Assessor considers relevant court decisions when determining eligibility for exemption. Currently, these decisions are *Wexford Medical Group v City of Cadillac*, 474 Mich 192; 713 NW2d 734 (2006), and *Baruch SLS, Inc. v. Twp. of Tittabawassee*, 499 Mich. 613 (2017) (Docket No. 152047). Criteria for granting exemptions were laid out by the Michigan Supreme Court in *Wexford* in 2006 (see below, left column), but were modified by the Court in the 2017 *Baruch* case (right column).

<i>Wexford (2006)</i>	<i>Baruch (2017)</i>
1. The institution must be a nonprofit institution.	<i>Baruch</i> does not modify this factor.
2. The institution must be organized chiefly, if not solely, for charity.	<i>Baruch</i> does not modify this factor.
3. The institution does not offer its charity on a discriminatory basis by choosing who among the group it purports to serve deserves the services but rather serves any person who needs the particular type of charity being offered.	<i>Baruch</i> held that this factor is “intended to exclude organizations that discriminate by imposing purposeless restrictions on the beneficiaries of the charity.” The correct interpretation of this factor is that a charitable institution may not impose restrictions or conditions on charity that “bear no reasonable relationship to an organization’s legitimate charitable goals.”
4. The institution brings people’s minds or hearts under the influence of education or religion; relieves people’s bodies from disease, suffering, or constraint; assists people to establish themselves for life; erects or maintains public buildings or works; or otherwise lessens the burdens of government.	<i>Baruch</i> held that “whether a charitable institution has a permissible charitable goal is evaluated in factor four[.]” If the institution’s restriction is reasonably related to a goal that meets this standard, then it is acceptable under factor three.
5. The institution does not charge for its services more than what is needed for its successful maintenance.	<i>Baruch</i> held that the analysis of a charitable institution’s fees should be conducted under this factor, not factor three.
6. The institution need not meet any monetary threshold of charity if the overall nature of the institution is charitable.	<i>Baruch</i> does not modify this factor.

[Chart above from the Foster Swift law firm at <https://www.fosterswift.com/newsroom/publications/mich-supreme-court-clarifies-charitable-exemption-property-tax>]

The foregoing criteria, as applied to the information you provide (see below), will be used to determine your tax status. If you have any questions, please feel free to contact the Assessor.

Application Process

File a request for exemption using the Application for Property Tax Exemption form, included beginning on page 4, below. Forms can also be obtained at the Sandstone Charter Township office at 7940 County Farm Road, Parma, Michigan 49269.

Property must be owned and used for the stated exemption purpose as of December 31 of the year *prior* to the year for which exemption is claimed.

File this Application, with copies of "Required Documents" listed at the end of the Application, either in person or by mail, at the Sandstone Charter Township office at 7940 County Farm Rd, Parma, MI 49269 (currently, the Application cannot be filed online). The Application must be received by the Assessor's Office no later than January 31 of the year for which the exemption is being sought.

Provide the documents listed below, and answer the questions on the Application form about how the property is occupied and used, the services provided, the criteria for receiving service, the benefits received, how the services are paid, and what happens to the property if the organization dissolves. If the Application form has insufficient space to write your answers, please attached additional pages.

Notification and Appeal Process

- The Assessor sends a letter to the applicant letting the applicant know if the exemption was granted or denied. If denied, the letter includes a brief reason for the denial. The letter also includes instructions for appealing the decision.
- Official assessment change notices are mailed no later than fourteen (14) days before the first day of appeals for the March Board of Review. If a property is no longer exempt, the change notice will show the current values and the appeal process.
- If the requested exemption is denied, applicants must first appeal to the March Board of Review. For properties classified as commercial real or personal, industrial real or personal, developmental real, or utility personal the applicant may appeal directly to the Michigan Tax Tribunal by May 31. Appeals can be done in person or by letter. Applicants must be prepared to support their request for exemption under Michigan law.
- If the March Board of Review denies the exemption, the next step is an appeal to the Michigan Tax Tribunal. The deadline for filing an appeal is June 30 each year for residential and agricultural classed properties and May 31 for commercial, industrial, developmental, and utility classed properties.

Sandstone Charter Township

7940 County Farm Rd
Parma, MI 49269
(517) 784-4712

Application for Property Tax Exemption

Instructions:

To be eligible for an exemption, the property must be owned and occupied by the applicant on December 31st of the year *preceding* the assessment for which the exemption is requested.

This form is "fill-in-the-blank" on this website: Complete the application and then print it for submission (currently, submitting the form online is unavailable), or, you may print the form and fill it in by hand.

Put "N/A" in the blank if the question is not applicable to your situation, or check the "N/A" box, if available.

If additional space is needed to complete the application, please attach a separate page with a notation as to which question is being answered.

Any change in occupancy, use, or sale of the property needs to be promptly reported to the Assessor's Office.

1. The address of the property: _____
2. The organization is requesting an exemption for:
Real Property Personal Property Both Real & Personal Property
3. Tax Parcel Number: _____
4. Name of legal property owner: _____
5. Name of organization requesting exemption (if different from above):

6. Mailing address of organization: _____
7. Contact person: _____
8. Contact person phone: _____
9. Contact person email: _____
10. Relationship of contact person to organization: _____
10. Names and titles of officers of the organization: _____

11. Internal Revenue Service Identification Number ("Taxpayer ID"): _____ N/A
12. State of Michigan corporate ID number: _____ N/A

13. Please indicate under which Michigan statute section you are claiming exemption from taxation:

Property of a non-profit charitable institution (MCL 211.7o).

Property a charitable home of a fraternal, secret society or a non-profit corporation which owns and operated facilities for the aged and chronically ill (MCL 211.7o).

Property of a non-profit theater, library, educational, or scientific institution (MCL 211.7n)

Houses of public Worship, parsonages (MCL 211.7s)

Memorial homes or homes of veterans organizations (MCL 211.7p)

Clinic, hospital or public health (MCL 211.7r)

Property of youth organizations (MCL 211.7q)

Other: _____

14. If you are seeking an exemption as a charitable, benevolent, educational, public health or youth organization

14a. Please describe the exact type of services that you provide: _____

14b. Please describe the population or group that you serve: _____

14c. Please describe how the recipients of your services are selected: _____

15. Do you discriminate on the basis of color, race, sex, creed, age, ethnicity, national origin or marital status in providing your services? Yes No If yes, please explain: _____

16. Please list all uses of the property, including when each use began, and the relationship of each use to the requested exemption: _____

17. Is the property open to or available to the general public? Yes No

18. Has the use changed significantly at any time? Yes No

19. If the use has changed significantly, please explain, including dates of changes: _____

20. Is a fee charged for services, material goods, or use of the premises? Yes No

Attach the fee schedule, if any.

21. If a fee is charged, please describe how fees are determined for each individual: _____

22. On what date did the organization requesting the exemption acquire the property? _____

23. Please list all sources of funding for your organization and the percentage that each contribute to the total:

24. Please list all occupants or users of the property other than the applicant or individuals served by the applicant, including addresses, phone numbers, email addresses, a description of what each uses the property for, and the percentage of the property used by each:

Entity #1: _____

Entity #2: _____

Entity #3: _____

Entity #4: _____

Required Documents

The following documents must accompany your application. If you are unable to provide a document listed below, please state the reason. If the requested document is not applicable to your situation, indicate by checking the "N/A" box.

1) Articles of incorporation or organization and all amendments, which should include the following information:

The names of current directors or other management personnel of the corporation or other organization

Whether the applicant is currently operating on a profit or non-profit status

The purpose of incorporation or organization

- 2) Assumed name(s), if applicable, along with the name of the governmental agency where the assumed name is recorded. N/A
- 3) A copy of the annual non-profit corporation report or, for organizations other than corporations, the most recent balance sheet.
- 4) Exemption applicant entity's by-laws and/or constitution, if these items exist. N/A
- 5) If the applicant is not shown as owner on the Assessor's current records, proof of ownership must be provided. Proof of ownership includes a copy of a deed or land contract. N/A
- 6) Lease N/A
- 7) Internal Revenue Service Code 501(c)(3) status (Note: Internal Revenue Code Sec. 501(c)3 is *not* a property tax exemption law, but rather deals with exemption from Federal Income Tax.) N/A
- 8) Internal Revenue Service Code form 990, 990n, or 990ez N/A
- 9) Governmental approval/certification/license/permit to operate for stated purpose. N/A
- 10) License from Attorney General to solicit or receive contributions N/A
- 11) List of *all* salaries, fees, payments, rent, repayments of loans, etc., as well as transfers, current or deferred, from the exemption applicant to its directors, officers, consultants, agents, or salaried employees, inclusive. None
- 12) List of *all* clients served that are in any way related to: any director, officers, consultant, agent and/or employees of applicant. Please include an explanation of any relationships listed. None
- 13) A document describing disposition of assets on dissolution of the organization.
- 14) Reasons for documents not supplied: _____

IMPORTANT: Please sign this application on the line provided below and return it to our office with the documents listed above. **This form must be returned to the Assessor's office by January 31.**

I hereby state, under penalty of perjury, that the information provided above, and on the attached documents, is true and accurate to the best of my information, knowledge, and belief.

Applicant Organization Name: _____

By (Signature): _____

Print Name of Signer: _____

Title: _____

FOR OFFICE USE ONLY:

Qualified for exemption under MCL _____ Justification: _____

Does not qualify for exemption for the following reasons: _____
