

CITY OF BATTLE CREEK, MICHIGAN

GUIDELINES

FOR

**REVIEWING AD VALOREM
PROPERTY TAX EXEMPTIONS
FOR CORPORATIONS**

**ASSESSOR'S REVIEW
AD VALOREM PROPERTY TAX EXEMPTIONS**

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

PLEASE NOTE:

1. An organization does not qualify for a property tax exemption just because it is structured to be a nonprofit organization.
2. An organization's income tax status does not affect or predetermine the taxable status of its property under the Michigan general property tax law.
3. The exemption claimant must meet certain criteria to be eligible for a property tax exemption under Michigan law.
4. 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.

Application Process:

1. Applicant files a request for exemption using the Property Tax Exemption Request form. Forms can be obtained by calling the Battle Creek City Assessor's Office at 269-966-3369 or by accessing FORMS from our web site at www.battlecreekmi.gov, search for "property tax exemption for corporations"
2. Applicant identifies the type of exemption it is requesting
 - a. Library
 - b. Charitable
 - c. Educational
 - d. Scientific
 - e. Religious
3. Applicant must own the property for which it is requesting an exemption. Proof of ownership must be provided if the applicant isn't shown as owner

on the Assessor's current records. Proof of ownership includes a copy of a deed or land contract.

4. Applicant must attach a copy of its bylaws and articles of incorporation to the exemption request form.
5. Applicant must answer the questions on the 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 institution dissolves.

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 General Property Tax Law at 211.7 (real property) and 211.9 (personal property).

In addition to reviewing Michigan law, the City Assessor considers court decisions when determining eligibility for exemption. The following test is used to determine eligibility:

1. The real estate must be owned and occupied by the exemption claimant.
2. The exemption claimant must be a library, charitable, educational or scientific, or religious institution.
3. The claimant must have been incorporated under the laws of this state or any other state in the U.S.
4. The exemption exists only when the building and the property its on are occupied by the claimant solely for the purposes for which it was incorporation.

Consultation with City Attorney

The City Attorney is available to both the Assessor and the Board of Review for advice and counsel about exemption issues.

Criteria for Exemption

1. Does the applicant own the property for which it is requesting an exemption?

- ❑ Is the applicant requesting exemption for land and attached buildings or structures (real property)?
 - ❑ Is the applicant requesting an exemption for its furniture, fixtures and equipment (personal property)?
- 1. Does the applicant physically use the property solely for its incorporated purposes?
 - ❑ Does the applicant occupy a building on the property or is it vacant land?
 - ❑ If vacant land, how are is the applicant occupying and using the land?
 - ❑ Is the land held for a future building site or for future development?
 - ❑ Does the actual use of the property match the purposes listed in the applicant's Articles of Incorporation?
 - ❑ Does the applicant occupy and use 100% of the property under consideration? If not, who occupies the remaining portion of the property?
- 2. Did the applicant legally occupy having a physically use of or a regular presence on the property for exempt purposes?
- 3. Is the applicant a nonprofit religious, charitable, educational or scientific organization?
- 4. If the applicant is a nonprofit religious organization, is the property a church or parsonage?
 - ❑ If the property is a church, does the applicant hold regular religious services at the property that are open to the public without restriction or discrimination as to race, color or creed?
 - ❑ If the property is a parsonage, does the applicant's ordained minister occupy and use the property as his/her personal residence?
- 5. If the applicant is a nonprofit charitable organization does it benefit an indefinite number of persons either by:
 - ❑ Bringing their minds or hearts under the influence of education or religion?
 - ❑ Relieving their bodies from disease, suffering or constraint?

- Assisting them to establish themselves for life?
 - Erecting or maintaining public buildings or works, or otherwise lessening the burdens of government?
6. If the applicant is a nonprofit charitable organization does it provide a gift that benefits an indefinite number of persons?
- Does it provide its gift without restriction as to the ability to pay?
 - Does it provide its gift without discrimination as to race, color or creed?
2. If the applicant is a nonprofit educational organization, does it fit into the general scheme of education provided by the state and supported by public taxation?
- If the organization didn't exist would the burden on the state to provide an educational system be appreciably increased?
 - Does the applicant's activities sufficiently relieve the government's educational burden?
3. If the applicant is a nonprofit scientific organization, is its work done in the public interest?
- Does its activities serve to advance knowledge?
 - Does its work substantially relieve the burden of government in producing scientific research or information?
4. Did the applicant clearly establish its right to an exemption? If the applicant didn't clearly establish its right, the Board must rule in favor of the taxing unit and deny the exemption.
5. Does the applicant qualify under Michigan law?
- Real property exemptions are found in General Property Tax Law at 211.7.
 - Personal property exemptions are found in General Property Tax Law at 211.9.
6. Does the applicant qualify based on Michigan court decisions? [see memorandum from City Attorney]

Notification and Appeal Process

1. The Assessor sends a letter to the applicant letting it 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.
2. Official assessment change notices are mailed no later than fourteen (14) days before the 1st 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.
3. 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 31st. Appeals can be done in person or by letter. Applicants must be prepared to support their request for exemption under Michigan law.
4. 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 30th each year for residential and agricultural classed properties and May 31st for commercial, industrial, developmental, and utility classed properties.