

City of Mackinac Island

Audit Procedures for Granting Real Property Exemptions Policy

The City of Mackinac Island Office of the Assessor, headed by the City Assessor, is charged with locating, identifying, and valuating all taxable real property and personal property within the City of Mackinac Island to provide a fair and equitable basis for taxation.

The office of the assessor maintains descriptions of real property, maintains maps showing the ownership and tax districts for the City, and processes property tax exemptions.

Property tax exemptions are granted based on three elements:

- 1) Property ownership,
- 2) Property use, and
- 3) Statutory definition

Taxpayers receiving an exemption may be required to apply through the assessing office or other designated office. Michigan State Law includes a range of mandatory exemptions and optional exemptions available for residential, commercial, and industrial property.

The office of the assessor conducts annual reviews and maintains information for those properties that are exempt from taxation to determine whether such properties continue to qualify for an exemption. The annual review of exemptions ensures that properties are correctly assessed and validates the ownership and usage of the properties; some mandatory exemptions are not reviewed since the assessing office has no option but to grant the exemption.

Active monitoring of changes to recorded title, public information review, and periodic field inspections is included as part of the annual review of exempt property. The primary elements of an exemption determination are based on the ownership and use of the property depending on the type of exemption.

The office of the assessor reviews property ownership as part of the first consideration for an exemption determination. Secondly, assessing officer or staff confirms that the property is in use for nonprofit exempt purposes. In the case of small business taxpayer exemption, poverty exemptions, disabled veterans and residential exemptions, there are specific requirements related to occupancy and other criteria related to each exemption.

The office of the assessor annually reviews exemption determinations employing four elements depending on the type of exemption as follows:

1. All property ownership records are monitored to confirm continuance of ownership to the exempt entity or person through review of ownership records held at the Mackinac County Register of Deed.
2. The office of the assessor annually inspects over 5% of properties throughout the City of Mackinac Island and notes any changes to exempt properties for review.

3. The office of the assessor monitors public information concerning exempt properties and owners.
4. The office of the assessor conducts annual reviews of exempt property for ownership and use conformance to exemption programs to include cross reference to the City of Mackinac Island Records, public information reviews (business licenses, articles of incorporation, web sites and periodicals), and property inspections.

The office of the assessor also strives to maintain files with sufficient documentation to support the decision to grant the exemption. For example, religious exemption files need to include copies of the articles of incorporation, Internal Revenue Service determination of nonprofit status, usage statement, contracts for use of the property by other than the applicant organization, and financial disclosures.

Exemptions records are maintained in two ways. The primary system is the BS&A computerized data system that retains information regarding ownership, location, physical description, inspection dates staff comments, and exemption status. The system is generally adequate and contains sufficient data to administer the exemptions.

The second data system is a paper file system that includes the original application and the documents and correspondence that supports the exempt status. The primary source for documenting and exemption is the paper application that is submitted along with supporting documentation.

Adopted at the Regular Meeting on April 30, 2025

Signature: _____
Danielle M. Leach, City Clerk
City of Mackinac Island