

**SUBSTITUTE FOR  
HOUSE BILL NO. 5913**

A bill to amend 1933 PA 167, entitled  
"General sales tax act,"  
by amending section 4q (MCL 205.54q), as amended by 2012 PA 573.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 4q. (1) A sale of tangible personal property not for  
2       resale to the following, subject to subsection (5), is exempt from  
3       the tax under this act:

4       (a) A health, welfare, educational, cultural arts, charitable,  
5       or benevolent organization not operated for profit that has been  
6       issued an exemption ruling letter to purchase items exempt from tax  
7       before July 17, 1998 signed by the administrator of the sales, use,  
8       and withholding taxes division of the department.

9       (b) An organization not operated for profit and exempt from  
10      federal income tax under section 501(c)(3) or 501(c)(4) of the  
11      internal revenue code, 26 USC 501.

1 (C) AN ORGANIZATION NOT OPERATED FOR PROFIT AND EXEMPT FROM  
2 FEDERAL INCOME TAX UNDER SECTION 501(C) (19) OF THE INTERNAL REVENUE  
3 CODE, 26 USC 501.

4 (2) The exemptions provided for in subsection (1) do not apply  
5 to any of the following:

6 (a) Sales of tangible personal property and sales of vehicles  
7 licensed for use on public highways that are not used primarily to  
8 carry out the purposes of the organization or to raise funds or  
9 obtain resources necessary to carry out the purposes of the  
10 organization as stated in the bylaws or articles of incorporation  
11 of the exempt entity.

12 (b) Sales of tangible personal property or vehicles used for  
13 purposes of raising funds or obtaining resources where the sales  
14 price exceeds ~~\$5,000.00~~. **THE APPLICABLE CAP ESTABLISHED IN SECTION**  
15 **40.**

16 (3) At the time of the transfer of the tangible personal  
17 property exempt under subsection (1), the transferee shall do 1 of  
18 the following:

19 (a) Present the exemption ruling letter signed by the  
20 administrator of the sales, use, and withholding taxes division of  
21 the department certifying that the property is to be used or  
22 consumed in connection with the operation of the organization.

23 (b) Present a signed statement, on a form approved by the  
24 department, stating that the property is to be used or consumed in  
25 connection with the operation of the organization, to carry out the  
26 purpose or purposes of the organization, or to raise funds or  
27 obtain resources necessary for the operation of the organization,

1 that the organization qualifies as an exempt organization under  
2 this section, and that the sales price of any single item of  
3 tangible personal property or vehicle purchased for purposes of  
4 raising funds or obtaining resources does not exceed ~~\$5,000.00.~~ **THE**  
5 **APPLICABLE CAP ESTABLISHED IN SECTION 40.** The transferee shall also  
6 provide to the transferor a copy of the federal exemption letter.  
7 However, a copy of the federal exemption letter is not required if  
8 the organization is exempt from filing an application for exempt  
9 status with the internal revenue service.

10 (4) The letter provided under subsection (3) (a) and the  
11 statement with the accompanying letter provided under subsection  
12 (3) (b) shall be accepted by all courts as prima facie evidence of  
13 the exemption and the statement shall provide that if the claim for  
14 tax exemption is disallowed, the transferee will reimburse the  
15 transferor for the amount of tax involved.

16 (5) The tangible personal property under subsection (1) is  
17 exempt only to the extent that the property is used to carry out  
18 the purposes of the organization or to raise funds or obtain  
19 resources necessary to carry out the purposes of the organization  
20 as stated in the organization's bylaws or articles of  
21 incorporation. The exemption for purposes of carrying out the  
22 purposes of the organization as stated in its bylaws or articles of  
23 incorporation is limited to the percentage of exempt use to total  
24 use determined by a reasonable formula or method approved by the  
25 department. The exemption for any single item of tangible personal  
26 property or vehicle used to raise funds or obtain resources is  
27 limited to a sales price that does not exceed ~~\$5,000.00.~~ **THE**

1 **APPLICABLE CAP ESTABLISHED IN SECTION 40.**

2       Enacting section 1. This amendatory act takes effect 90 days  
3 after the date it is enacted into law.