

**SENATE 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

1 internal revenue code, 26 USC 501.

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

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

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

13 (b) Sales of tangible personal property or vehicles used for
14 purposes of raising funds or obtaining resources ~~where~~ **IF** the sales
15 price exceeds ~~\$5,000.00~~. **THE FOLLOWING:**

16 (i) FOR AN ORGANIZATION EXEMPT UNDER SUBSECTION (1) (A) OR (B),
17 \$5,000.00.

18 (ii) FOR AN ORGANIZATION EXEMPT UNDER SUBSECTION (1) (C),
19 \$25,000.00.

20 (3) At the time of the transfer of the tangible personal
21 property exempt under subsection (1), the transferee shall do 1 of
22 the following:

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

27 (b) Present a signed statement, on a form approved by the

1 department, stating that the property is to be used or consumed in
2 connection with the operation of the organization, to carry out the
3 purpose or purposes of the organization, or to raise funds or
4 obtain resources necessary for the operation of the organization,
5 that the organization qualifies as an exempt organization under
6 this section, and that the sales price of any single item of
7 tangible personal property or vehicle purchased for purposes of
8 raising funds or obtaining resources does not exceed ~~\$5,000.00.~~ **THE**

9 **APPLICABLE CAP AMOUNT ESTABLISHED IN SUBSECTION (2) (B).** The
10 transferee shall also provide to the transferor a copy of the
11 federal exemption letter. However, a copy of the federal exemption
12 letter is not required if the organization is exempt from filing an
13 application for exempt status with the internal revenue service.

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

20 (5) The tangible personal property under subsection (1) is
21 exempt only to the extent that the property is used to carry out
22 the purposes of the organization or to raise funds or obtain
23 resources necessary to carry out the purposes of the organization
24 as stated in the organization's bylaws or articles of
25 incorporation. The exemption for purposes of carrying out the
26 purposes of the organization as stated in its bylaws or articles of
27 incorporation is limited to the percentage of exempt use to total

1 use determined by a reasonable formula or method approved by the
2 department. The exemption for any single item of tangible personal
3 property or vehicle used to raise funds or obtain resources is
4 limited to a sales price that does not exceed \$5,000.00 **FOR AN**
5 **ORGANIZATION EXEMPT UNDER SUBSECTION (1) (A) OR (B) AND \$25,000.00**
6 **FOR AN ORGANIZATION EXEMPT UNDER SUBSECTION (1) (C) .**

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