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HOSPICE EXEMPTIONS

House Bill 5152

Sponsor: Rep. Gerald Law

Committee: Tax Policy

Complete to 4-12-00

A SUMMARY OF HOUSE BILL 5152 AS INTRODUCED 11-30-99

The bill would amend the General Sales Tax Act as it applies to purchases made by or on behalf of licensed hospices in two ways.

1) Currently, sales of property made to a person directly engaged in constructing, altering, repairing, or improving real estate for others (i.e., a contractor) are exempt from sales tax if the property is affixed to and made a structural part of a nonprofit hospital. The act says that the term "nonprofit hospital" does not include a licensed hospice. The bill would include a licensed hospice under the definition, thus allowing a contractor for a hospice to be eligible for the sales tax exemption.

2) The act exempts from taxation sales to certain nonprofit organizations, but it says the property being sold to a nonprofit is exempt only to the extent that it is used to carry out the purposes of the organization as stated in the organization's bylaws or articles of incorporation. The bill would specify that this provision would not apply to "purchases made for fund-raising purposes necessary to fund patient care by a licensed hospice."

MCL 205.54q and 205.54w

Analyst: C. Couch

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.