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INCREASE THRESHOLD FOR NONPROFIT FUNDRAISER SALES

House Bill 5512
Sponsor: Rep. Jason Allen
Committee: Tax Policy

Complete to 4-11-00

A SUMMARY OF HOUSE BILL 5512 AS INTRODUCED 3-16-00

Under the General Sales Tax Act, a nonprofit organization with total retail sales of less than \$5,000 for a calendar year does not have to collect sales taxes on sales made for fundraising purposes. (Organizations with sales above the threshold must collect and remit sales tax from the first dollar.) The bill would raise the threshold to \$40,000. It would also require that the threshold be adjusted for inflation on January 1, 2010 and every ten years thereafter.

The exemption applies to a school, church, hospital, parent cooperative preschool, or a nonprofit organization organized under sections 501(c)(3) or 501(c)(4) of the federal Internal Revenue Code or a nonprofit health, welfare, educational, cultural arts, charitable, or benevolent organization that has been issued an exemption ruling letter by the Department of Treasury. A club, association, auxiliary, or other organization affiliated with one of those nonprofits is not considered a separate organization for the purpose of the exemption. The term "school" in this provision refers to each elementary, middle, junior high, or high school site within a local school district that represents a district attendance area as established by the local school board.

MCL205.54o

House Bill 5512 (4-11-00)

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.