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## NONPROFIT EXEMPTION FROM COLLECTING SALES TAX

House Bill 4339

Sponsor: Rep. Jason Allen

Committee: Tax Policy

Complete to 8-28-01

### A SUMMARY OF HOUSE BILL 4339 AS INTRODUCED 2-22-01

Certain nonprofit organizations do not have to collect sales tax on sales they make for fund-raising purposes if their aggregate sales in a calendar year total less than \$5,000. The bill would amend the General Sales Tax Act to raise the threshold amount from \$5,000 to \$25,000 and would take effect January 1, 2002. This applies to schools, churches, hospitals, parent cooperative preschools; health, welfare, educational, cultural, charitable, and benevolent organizations with exemption ruling letters from the Department of Treasury; and organizations exempt from federal taxation under Sections 501(c)(3) and 501(c)(4) of the federal Internal Revenue Code.

The bill also would require that, beginning on January 1, 2001 and each year thereafter, the maximum allowable aggregate sales be increased to the amount of gross receipts allowable under Section 509(c)(1)(b) of the federal Internal Revenue Code if that allowable amount was greater.

(It should be noted that the General Sales Tax Act specifies that a club, association, auxiliary, or other organization affiliated with the nonprofit organization is not considered a separate entity for purposes of the exemption.)

MCL 205.54o

House Bill 4339 (8-28-01)

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.