



House Office Building, 9 South
Lansing, Michigan 48909
Phone: 517/373-6466

SALES TAX EXEMPTION FOR INTERNATIONAL SPORTS EVENT

House Bill 6002

Sponsor: Rep. Clark Bisbee

Committee: Tax Policy

Complete to 5-13-02

A SUMMARY OF HOUSE BILL 6002 AS INTRODUCED 5-7-02

The bill would amend the General Sales Tax Act to allow the organizing entity of an international athletic event that sold corporate sponsor contracts for the event that included both taxable tangible personal property and nontaxable services to apply the sales tax only to the amount charged for the taxable tangible personal property. This would apply only if the Department of Treasury had given written approval to the organizing entity's allocation of tax among taxable tangible personal property and nontaxable services. (An "international athletic event" would mean a sporting competition in which individuals officially representing at least two countries or nations compete.) The bill's provisions would be repealed effective January 1, 2005.

The bill would require that the organizing entity provide the department written notice of its intent to enter into corporate sponsor contracts and an itemized schedule of the taxable tangible personal property and nontaxable services to be provided under each contract at least 180 days in advance of entering into the first contract. The bill also would specify that the provisions would only apply if the entity was tax exempt or wholly owned by an entity exempt under Section 501(c)(6) of the federal Internal Revenue Code. (That subsection applies to business leagues, chambers of commerce, real estate boards, boards of trades, and professional football leagues not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.)

MCL 205.55b

Analyst: C. Couch

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