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Senate Bill 1372 (Substitute S-1 as reported)  
Senate Bill 1373 (Substitute S-1 as reported)  
Sponsor: Senator Shirley Johnson  
Committee: Appropriations

## **CONTENT**

Senate Bill 1372 (S-1) would amend the General Sales Tax Act and Senate Bill 1373 (S-1) would amend the Use Tax Act, to allow the organizing entity of a "qualified athletic event" to be exempt from the sales and use taxes on taxable items that are included as part of the corporate sponsor contracts it sells for the event. The term "qualified athletic event" would be expanded to include a professional golfers' association postseason tournament and a collegiate basketball competition to determine the national champion, that occurs before January 1, 2010. These proposed changes in the definition of "qualified athletic event" would apply to the Professional Golf Association's (PGA) Championship Tournament to be held at the Oakland Hills Country Club, in Bloomfield Hills in 2008 and the National Collegiate Athletic Association's (NCAA) Men's Final Four National Championship games to be held at Ford Field in Detroit in 2009. In order to qualify for these sales and use tax exemptions, the organizing entity would have to meet the following requirements:

- Be exempt or wholly owned by an entity exempt under Section 501(c)(6) of the Internal Revenue Code,
- At least 60 days before entering into the first corporate sponsor contract, give the Department of Treasury a written notice of its intent to enter into corporate sponsor contracts and an itemized schedule of the tangible personal property and services that would be provided under each corporate sponsor contract.
- Have written approval from the Department of Treasury.

Organizing entities sell corporate sponsor contracts to help finance major athletic events. To help sell these contracts, the sponsoring entity includes packages containing products and services. For example, corporate sponsorships sold by the PGA of America could include a package of goods and services that provide such items as tents and food, which are taxable, and tickets to the tournament and other related parties and activities, which are not taxable. Under current law, because the PGA of America will be selling these items to the corporate sponsors as part of a corporate sponsorship contract, the sales or use tax must be collected on the taxable items included in these corporate sponsorship packages. The same exemptions were provided to the National Football League for the corporate sponsor contracts it sold for Super Bowl XL held in Detroit in 2006.

MCL 205.55b (S.B. 1372)  
205.96a (S.B. 1373)

## **FISCAL IMPACT**

It is estimated that these bills would reduce sales and use tax revenue by less than \$0.5 million in both FY 2007-08 and FY 2008-09, which would have small negative impacts on the General Fund, School Aid Fund, and revenue sharing.

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