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House Bill 6386 (Substitute H-1 as reported without amendment)
House Bill 6387 (Substitute H-1 as reported without amendment)
Sponsor: Representative Shelley Goodman Taub
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

House Bills 6386 (H-1) and 6387 (H-1) would amend the Use Tax Act and the General Sales Tax Act, respectively, to expand the events subject to tax exemptions for the organizing entity of a qualified athletic event that sells corporate sponsor contracts for it. Under the bills, "qualified athletic event" would include the following:

- A professional golfers' association competition in which individuals compete in an event to determine a champion.
- A collegiate basketball competition in which teams compete in a postseason event to determine the national champion.
- A collegiate hockey competition in which teams compete in a postseason event to determine the national champion.

The Acts allow the organizing entity of a qualified athletic event to exempt the sale of taxable personal property (or taxable services under the Use Tax Act) if various criteria have been met. These include a requirement that the organizing entity give the Department of Treasury written notice of its intent to enter into corporate sponsor contracts, and an itemized schedule of the property and services that will be provided under each contract. The organizing entity must provide these items at least 180 days before entering into the first corporate sponsor contract. Under the bills, the organizing entity would have to provide the items at least 60 days before entering into the first contract.

MCL 205.96a (H.B. 6386)
205.55b (H.B. 6387)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

It is estimated these bills would reduce sales and use tax revenue by less than \$0.5 million in FY 2007-08 (PGA Championship Tournament at Oakland Hills Country Club), FY 2008-09 (NCAA Men's Final Four National Championship at Ford Field in Detroit), and FY 2009-10 (NCAA Men's ice hockey Frozen Four Championship at Ford Field in Detroit). This loss in revenue would have small negative impacts on the General Fund, School Aid Fund, and revenue sharing.

Date Completed: 12-13-06

Fiscal Analyst: Jay Wortley