



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 209 (Substitute S-3 as reported)
Sponsor: Senator Mike Green
Committee: Finance

CONTENT

The bill would amend the General Sales Tax Act to provide a tax exemption for the sale of personal property by a veterans' organization for the purpose of raising funds for the benefit of an active duty service member or a veteran. The exemption would be limited to \$25,000 in aggregate sales of personal property for each individual fund-raising event. The veterans' organization would have to be exempt from Federal income tax under Section 501(c)(19) of the Internal Revenue Code.

A club, association, auxiliary, or other organization affiliated with the veterans' organization would not be considered a separate person for purposes of the exemption.

(Section 501(c)(19) of the Internal Revenue Code exempts from Federal income tax a post or organization of past or present members of the U.S. Armed Forces that meets the following criteria:

- It is organized in the United States or any of its possessions.
- At least 75% of the members are past or present members of the U.S. Armed Forces and substantially all of the other members are cadets or are spouses, widows, widowers, ancestors, or descendants of past or present members of the Armed Forces or of cadets.
- None of the net earnings of the post or organization benefits any private shareholder or individual.)

MCL 205.54o

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would reduce State General Fund and School Aid Fund revenue by an unknown and likely negligible amount that would depend on the specific characteristics of affected taxpayers. The bill would reduce local unit revenue by an unknown and likely negligible amount by reducing constitutional revenue sharing.

Date Completed: 5-9-13

Fiscal Analyst: David Zin