



**Senate Fiscal Agency**  
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BILL



ANALYSIS

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Senate Bill 209 (as introduced 2-20-13)  
Sponsor: Senator Mike Green  
Committee: Finance

Date Completed: 4-24-13

### **CONTENT**

The bill would amend the General Sales Tax Act to provide a tax exemption for sales of personal property for fund-raising purposes by a veterans' organization that had aggregate retail sales of less than \$5,000 in the calendar year. The veterans' organization would have to be exempt from Federal income tax under Section 501(c)(19) of the Internal Revenue Code.

The Act includes an exemption for sales of personal property for fund-raising purposes by a school, church, hospital, parent cooperative preschool, or tax-exempt nonprofit charitable organization that has aggregate retail sales of less than \$5,000 in the calendar year. The Act provides that a club, association, auxiliary, or other organization affiliated with the school, church, hospital, etc. is not considered a separate person for purposes of the exemption. Under the bill, the same would apply regarding a club, association, auxiliary, or other organization affiliated with an exempt veterans' organization.

(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.

Fiscal Analyst: David Zin

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