

Legislative Analysis



INCREASE SALES TAX EXEMPTION FOR CERTAIN FUND-RAISING SALES

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4115 (committee substitute H-1)

Sponsor: Rep. Eric Leutheuser

Committee: Tax Policy

Complete to 2-27-18

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4115 would amend the General Sales Tax Act to provide an increased sales tax exemption for sales made by a school, church, hospital, parent cooperative preschool, or nonprofit organization that has a tax exempt status. The sales are required to be for fund-raising purposes.

Under current law, the sales tax exemption is limited to \$5,000 in aggregate retail sales of tangible personal property in a calendar year. HB 4115 would increase the amount to \$10,000 per year.

MCL 205.54o

FISCAL IMPACT:

As written, the bill would reduce sales tax revenue by an unknown, but likely relatively small, amount.

For any single organization that is able to utilize the full \$5,000 exemption increase, sales tax revenue will decline by \$300. Roughly 73% of total sales tax collections are earmarked to the School Aid Fund, and an additional 10% of collections are distributed as constitutional revenue sharing. The bulk of the remainder accrues to the General Fund.

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