

Legislative Analysis



INCREASE SALES TAX EXEMPTION FOR CERTAIN FUND-RAISING SALES

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<http://www.house.mi.gov/hfa>

House Bill 4115 (proposed H-3 substitute)
Sponsor: Rep. Eric Leutheuser
Committee: Tax Policy
Complete to 3-20-18

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.

Currently under the act, the sale of tangible personal property for fund-raising purposes by a tax-exempt school, church, hospital, parent cooperative preschool, or nonprofit organization that has total aggregate retail sales in a calendar year of less than \$5,000 is exempt from the sales tax.

Under the bill, the first \$10,000 per calendar year in aggregate sales of tangible personal property for fund-raising purposes by a tax-exempt school, church, hospital, parent cooperative preschool, or nonprofit organization that has total aggregate retail sales in a calendar year of less than \$25,000 would be exempt from the sales tax.

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 \$10,000 exemption, sales tax revenue will decline by \$600. 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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