

GENERAL SALES TAX ACT (EXCERPT)
Act 167 of 1933

205.54w Nonprofit hospital or nonprofit housing; sale of personal property to person in business of constructing, altering, repairing, or improving real estate; tax exemption; definitions.

Sec. 4w. (1) For taxes levied after June 30, 1999, a sale of tangible personal property to a person directly engaged in the business of constructing, altering, repairing, or improving real estate for others to the extent that the property is affixed to and made a structural part of a nonprofit hospital or a nonprofit housing entity qualified as exempt under section 15a of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1415a, is exempt from the tax under this act. For purposes of a county long-term medical care facility, "affixed to and made a structural part of" means any physical connection to an existing county long-term medical care facility.

(2) An exemption shall not be granted under this section for any portion of property otherwise qualifying for exemption under this section if income or a benefit inures directly or indirectly to an individual, private stockholder, or other private person from the independent or nonessential operation of that portion of property.

(3) As used in this section:

(a) "Nonprofit hospital" means 1 of the following:

(i) That portion of a building to which 1 of the following applies:

(A) Is owned or operated by an entity exempt under section 501(c)(3) of the internal revenue code, 26 USC 501, that is licensed as a hospital under part 215 of the public health code, 1978 PA 368, MCL 333.21501 to 333.21571.

(B) Is owned or operated by a governmental unit in which medical attention is provided.

(C) Is owned or operated by an entity or entities exempt under section 501(c)(2) or (3) of the internal revenue code, 26 USC 501, in which medical attention is provided.

(ii) That portion of real property necessary and related to a building described in subparagraph (i) in which medical attention is provided.

(iii) A county long-term medical care facility, including any addition to an existing county long-term medical care facility, if the addition is owned and operated by the county long-term medical care facility and offers health services provided by the county long-term medical care facility. For purposes of this subparagraph, "addition" includes a freestanding building as long as that freestanding building is operated under the same license held by the county long-term medical care facility and continues to offer the same health services as the county long-term medical care facility in that freestanding building. An exemption under this section shall be granted until January 1, 2008, regardless of whether the addition is licensed as a nursing home or skilled nursing facility under part 217 of the public health code, 1978 PA 368, MCL 333.21701 to 333.21799e, or whether the addition meets the requirements set forth in subsection (1).

(b) "Nonprofit hospital" does not include the following:

(i) Except as otherwise provided under subsection (3)(a)(iii), a freestanding building or other real property of a nursing home or skilled nursing facility licensed under part 217 of the public health code, 1978 PA 368, MCL 333.21701 to 333.21799e.

(ii) A hospice licensed under part 214 of the public health code, 1978 PA 368, MCL 333.21401 to 333.21420.

(iii) A home for the aged licensed under part 213 of the public health code, 1978 PA 368, MCL 333.21301 to 333.21335.

(c) "Medical attention" means that level of medical care in which a physician provides acute care or active treatment of medical, surgical, obstetrical, psychiatric, chronic, or rehabilitative conditions, that require the observation, diagnosis, and daily treatment by a physician.

History: Add. 1999, Act 116, Imd. Eff. July 14, 1999;—Am. 2004, Act 173, Eff. Sept. 1, 2004;—Am. 2006, Act 665, Eff. June 30, 1999;—Am. 2016, Act 372, Eff. Mar. 29, 2017.

Compiler's note: Enacting section 2 of Act 116 of 1999 provides:

"Enacting section 2. This amendatory act clarifies that, with the exception of telecommunications equipment taxed under section 3a of the use tax act, 1937 PA 94, MCL 205.93a, a taxpayer may exclude a sale of tangible personal property from gross proceeds only to the extent that the property is used for exempt purposes. For telecommunications equipment exempt under section 4v of the general sales tax act, 1933 PA 167, MCL 205.54v, this amendatory act clarifies that for periods before April 1, 1999, the tax shall not be apportioned and for periods beginning April 1, 1999, the tax shall be apportioned. This amendatory act clarifies that existing law as originally intended provides a prorated exemption. This amendatory act takes effect for all periods beginning March 31, 1995 and all tax years that are open under the statute of limitations provided in section 27a of 1941 PA 122, MCL 205.27a."

Enacting section 1 of Act 665 of 2006 provides:

"Enacting section 1. This amendatory act is retroactive and is effective for taxes levied after June 30, 1999."

Enacting section 1 of Act 372 of 2016 provides:

"Enacting section 1. This amendatory act is retroactive and effective for taxes levied after December 31, 2012."