

SENATE BILL NO. 848

(As amended by the Senate)

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
(MCL 205.51 to 205.78) by adding section 4q; and to repeal acts
and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 4Q. (1) A PERSON SUBJECT TO TAX UNDER THIS ACT MAY
2 EXCLUDE FROM THE GROSS PROCEEDS USED FOR THE COMPUTATION OF THIS
3 TAX, SALES OF TANGIBLE PERSONAL PROPERTY NOT FOR RESALE TO THE
4 FOLLOWING:
5 (A) A HEALTH, WELFARE, EDUCATIONAL, CULTURAL ARTS, CHARITA-
6 BLE, OR BENEVOLENT ORGANIZATION NOT OPERATED FOR PROFIT THAT HAS
7 BEEN ISSUED AN EXEMPTION RULING LETTER TO PURCHASE ITEMS EXEMPT
8 FROM TAX BEFORE THE EFFECTIVE DATE OF THIS SECTION SIGNED BY THE
9 ADMINISTRATOR OF THE SALES, USE, AND WITHHOLDING TAXES DIVISION
10 OF THE DEPARTMENT.

1

2

3

4

5 (B) AN ORGANIZATION NOT OPERATED FOR PROFIT AND EXEMPT FROM
6 FEDERAL INCOME TAX UNDER SECTION 501(c)(3) OR 501(c)(4) OF THE
7 INTERNAL REVENUE CODE.

8

9 (2) THE EXEMPTIONS PROVIDED FOR IN SUBSECTION (1) DO NOT
10 APPLY TO SALES OF TANGIBLE PERSONAL PROPERTY AND SALES OF VEHI-
11 CLES LICENSED FOR USE ON PUBLIC HIGHWAYS, THAT ARE NOT USED PRI-
12 MARILY TO CARRY OUT THE PURPOSES OF THE ORGANIZATION AS STATED IN
13 THE BYLAWS OR ARTICLES OF INCORPORATION OF THE EXEMPT ENTITY.

14 (3) AT THE TIME OF THE TRANSFER OF THE TANGIBLE PERSONAL
15 PROPERTY EXEMPT UNDER SUBSECTION (1), THE TRANSFEREE SHALL DO 1
16 OF THE FOLLOWING:

17 (A) PRESENT THE EXEMPTION RULING LETTER SIGNED BY THE ADMIN-
18 ISTRATOR OF THE SALES, USE, AND WITHHOLDING TAXES DIVISION OF THE
19 DEPARTMENT CERTIFYING THAT THE PROPERTY IS TO BE USED OR CONSUMED
20 IN CONNECTION WITH THE OPERATION OF THE ORGANIZATION.

21 (B) PRESENT A SIGNED STATEMENT, ON A FORM APPROVED BY THE
22 DEPARTMENT, STATING THAT THE PROPERTY IS TO BE USED OR CONSUMED
23 IN CONNECTION WITH THE OPERATION OF THE ORGANIZATION AND THAT THE
24 ORGANIZATION QUALIFIES AS AN EXEMPT ORGANIZATION UNDER THIS
25 SECTION. THE TRANSFEREE SHALL ALSO PROVIDE TO THE TRANSFEROR A
26 COPY OF THE FEDERAL EXEMPTION LETTER.

27 (4) THE LETTER PROVIDED UNDER SUBSECTION (3)(A) AND THE
STATEMENT WITH THE ACCOMPANYING LETTER PROVIDED UNDER SUBSECTION

1 (3)(B) SHALL BE ACCEPTED BY ALL COURTS AS PRIMA FACIE EVIDENCE OF
2 THE EXEMPTION AND THE STATEMENT SHALL PROVIDE THAT IF THE CLAIM
3 FOR TAX EXEMPTION IS DISALLOWED, THE TRANSFEREE WILL REIMBURSE
4 THE TRANSFEROR FOR THE AMOUNT OF TAX INVOLVED.

5 Enacting section 1. Section 4n[1] of the general sales tax
6 act, 1933 PA 167, MCL 205.54n[1], as added by 1994 PA 156, is
7 repealed.