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## **SALES TAX COLLECTIONS: EXEMPT \$5,000 IN NON-PROFIT SALES**

**House Bill 4112**  
**Sponsor: Rep. Tony Stamas**  
**Committee: Tax Policy**

**Complete to 3-17-99**

### **A SUMMARY OF HOUSE BILL 4112 AS INTRODUCED 2-2-99**

Generally speaking, a nonprofit organization with aggregate retail sales of less than \$5,000 is not required to charge sales tax when making sales for fund-raising purposes. (This means a nonprofit with sales of \$5,000 or more must collect sales tax on all of its sales.) House Bill 4112 would amend the General Sales Tax Act to remove that provision and specify instead that a nonprofit organization would not have to collect taxes on the first \$5,000 derived from sales made for fund-raising purposes.

(The current provision applies to a school, hospital, church, parent cooperative pre-school, an organization with an exemption ruling letter from the Department of Treasury, or a nonprofit organization exempt from federal income tax under Section 501(c)(3) or Section 501(c)(4) of the Internal Revenue Code. A club, association, auxiliary, or other organization affiliated with one of those organizations would not be considered a separate person for the purposes of the exemption. The term "school" refers to each elementary, middle, junior high, or high school site within a local school district that represents a district attendance area as established by the local school board.)

MCL 205.54o

**House Bill 4112 (3-17-99)**

Analyst: C. Couch

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.