



SENATE BILL No. 1100

July 3, 1996, Introduced by Senator BULLARD and referred to the Committee on Finance.

A bill to amend Act No. 167 of the Public Acts of 1933, entitled as amended "General sales tax act," as amended, being sections 205.51 to 205.78 of the Michigan Compiled Laws, by adding section 4p; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 167 of the Public Acts of 1933, as
2 amended, being sections 205.51 to 205.78 of the Michigan Compiled
3 Laws, is amended by adding section 4p to read 'as follows:

4 SEC. 4P. (1) A PERSON SUBJECT TO TAX UNDER THIS ACT MAY
5 EXCLUDE FROM THE GROSS PROCEEDS USED FOR THE COMPUTATION OF THIS
6 TAX, SALES OF TANGIBLE PERSONAL PROPERTY NOT FOR RESALE TO THE
7 FOLLOWING:

1 (A) A HEALTH, WELFARE, EDUCATIONAL, CULTURAL ARTS,
2 CHARITABLE, OR BENEVOLENT ORGANIZATION NOT OPERATED FOR PROFIT
3 THAT HAS BEEN ISSUED AN EXEMPTION RULING LETTER TO PURCHASE ITEMS
4 EXEMPT FROM TAX BEFORE THE EFFECTIVE DATE OF THIS SECTION SIGNED
5 BY THE ADMINISTRATOR OF THE SALES, USE, AND WITHHOLDING TAXES
6 DIVISION OF THE DEPARTMENT. THE DEPARTMENT SHALL REISSUE AN
7 EXEMPTION LETTER TO EACH OF THOSE ORGANIZATIONS AFTER THE EFFEC-
8 TIVE DATE OF THIS SECTION THAT SHALL REMAIN IN EFFECT UNLESS THE
9 ORGANIZATION FAILS TO MEET THE REQUIREMENTS THAT ORIGINALLY ENTI-
10 TLED IT TO THIS EXEMPTION.

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

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

19 (3) AT THE TIME OF THE TRANSFER OF THE TANGIBLE PERSONAL
20 PROPERTY EXEMPT UNDER SUBSECTION (1), THE TRANSFEREE SHALL DO 1
21 OF THE FOLLOWING:

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

26 (B) PRESENT A SIGNED STATEMENT, ON A FORM APPROVED BY THE
27 DEPARTMENT, STATING THAT THE PROPERTY IS TO BE USED OR CONSUMED

1 IN CONNECTION WITH THE OPERATION OF THE ORGANIZATION AND THAT THE
2 ORGANIZATION QUALIFIES AS AN EXEMPT ORGANIZATION UNDER THIS
3 SECTION. THE TRANSFEREE SHALL ALSO PROVIDE TO THE TRANSFEROR A
4 COPY OF THE FEDERAL EXEMPTION LETTER.

5 (4) THE LETTER PROVIDED UNDER SUBSECTION (3)(A) AND THE
6 STATEMENT WITH THE ACCOMPANYING LETTER PROVIDED UNDER SUBSECTION
7 (3)(B) SHALL BE ACCEPTED BY ALL COURTS AS PRIMA FACIE EVIDENCE OF
8 THE EXEMPTION AND THE STATEMENT SHALL PROVIDE THAT IF THE CLAIM
9 FOR TAX EXEMPTION IS DISALLOWED, THE TRANSFEREE WILL REIMBURSE
10 THE TRANSFEROR FOR THE AMOUNT OF TAX INVOLVED.

11 (5) THE EXEMPTION PROVIDED FOR IN SUBSECTION (1) ALSO
12 APPLIES TO A PARTNERSHIP OF ORGANIZATIONS IF ALL OF THE ORGANIZA-
13 TIONS THAT ARE PARTNERS ARE OTHERWISE INDIVIDUALLY EXEMPT UNDER
14 THIS SECTION AND IF THE ACTIVITIES OF THE PARTNERSHIP ARE EXCLU-
15 SIVELY RELATED TO THE HEALTH, WELFARE, EDUCATIONAL, CULTURAL
16 ARTS, CHARITABLE, BENEVOLENT, OR OTHER PURPOSE OR FUNCTION THAT
17 IS THE BASIS OF THE EXEMPTION FOR THE ORGANIZATIONS THAT ARE
18 PARTNERS INDIVIDUALLY.

19 Section 2. Section 4n[1] of Act No. 167 of the Public Acts
20 of 1933, as added by Act No. 156 of the Public Acts of 1994,
21 being section 205.54n[1] of the Michigan Compiled Laws, is
22 repealed.