



**House
Legislative
Analysis
Section**

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**SALES TAX COLLECTIONS:
RAISE NONPROFIT LIMIT**

House Bill 4060
Sponsor: Rep. Tony Stamas
Committee: Tax Policy

Complete to 2-5-01

A SUMMARY OF HOUSE BILL 4060 AS INTRODUCED 1-31-01

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 4060 would amend the General Sales Tax Act to raise the limit to \$25,000 from \$5,000 from January 1, 2002 through December 31, 2002.

(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 4060 (2-5-01)

Analyst: C. Couch

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