

Act No. 530
Public Acts of 2018
Approved by the Governor
December 27, 2018
Filed with the Secretary of State
December 28, 2018
EFFECTIVE DATE: March 28, 2019

**STATE OF MICHIGAN
99TH LEGISLATURE
REGULAR SESSION OF 2018**

Introduced by Reps. Bizon, Maturen, Leutheuser, Vaupel, Kahle, Byrd, Yancey, Wentworth, Theis, Marino, Inman and Hughes

ENROLLED HOUSE BILL No. 5913

AN ACT to amend 1933 PA 167, entitled "An act to provide for the raising of additional public revenue by prescribing certain specific taxes, fees, and charges to be paid to the state for the privilege of engaging in certain business activities; to provide, incident to the enforcement thereof, for the issuance of licenses to engage in such occupations; to provide for the ascertainment, assessment and collection thereof; to appropriate the proceeds thereof; and to prescribe penalties for violations of the provisions of this act," by amending section 4q (MCL 205.54q), as amended by 2012 PA 573.

The People of the State of Michigan enact:

Sec. 4q. (1) A sale of tangible personal property not for resale to the following, subject to subsection (5), is exempt from the tax under this act:

(a) A health, welfare, educational, cultural arts, charitable, or benevolent organization not operated for profit that has been issued an exemption ruling letter to purchase items exempt from tax before July 17, 1998 signed by the administrator of the sales, use, and withholding taxes division of the department.

(b) An organization not operated for profit and exempt from federal income tax under section 501(c)(3) or 501(c)(4) of the internal revenue code, 26 USC 501.

(c) An organization not operated for profit and exempt from federal income tax under section 501(c)(19) of the internal revenue code, 26 USC 501.

(2) The exemptions provided for in subsection (1) do not apply to any of the following:

(a) Sales of tangible personal property and sales of vehicles licensed for use on public highways that are not used primarily to carry out the purposes of the organization or to raise funds or obtain resources necessary to carry out the purposes of the organization as stated in the bylaws or articles of incorporation of the exempt entity.

(b) Sales of tangible personal property or vehicles used for purposes of raising funds or obtaining resources if the sales price exceeds the following:

(i) For an organization exempt under subsection (1)(a) or (b), \$5,000.00.

(ii) For an organization exempt under subsection (1)(c), \$25,000.00.

(3) At the time of the transfer of the tangible personal property exempt under subsection (1), the transferee shall do 1 of the following:

(a) Present the exemption ruling letter signed by the administrator of the sales, use, and withholding taxes division of the department certifying that the property is to be used or consumed in connection with the operation of the organization.

(b) Present a signed statement, on a form approved by the department, stating that the property is to be used or consumed in connection with the operation of the organization, to carry out the purpose or purposes of the organization,

or to raise funds or obtain resources necessary for the operation of the organization, that the organization qualifies as an exempt organization under this section, and that the sales price of any single item of tangible personal property or vehicle purchased for purposes of raising funds or obtaining resources does not exceed the applicable cap amount established in subsection (2)(b). The transferee shall also provide to the transferor a copy of the federal exemption letter. However, a copy of the federal exemption letter is not required if the organization is exempt from filing an application for exempt status with the internal revenue service.

(4) The letter provided under subsection (3)(a) and the statement with the accompanying letter provided under subsection (3)(b) shall be accepted by all courts as prima facie evidence of the exemption and the statement shall provide that if the claim for tax exemption is disallowed, the transferee will reimburse the transferor for the amount of tax involved.

(5) The tangible personal property under subsection (1) is exempt only to the extent that the property is used to carry out the purposes of the organization or to raise funds or obtain resources necessary to carry out the purposes of the organization as stated in the organization's bylaws or articles of incorporation. The exemption for purposes of carrying out the purposes of the organization as stated in its bylaws or articles of incorporation is limited to the percentage of exempt use to total use determined by a reasonable formula or method approved by the department. The exemption for any single item of tangible personal property or vehicle used to raise funds or obtain resources is limited to a sales price that does not exceed \$5,000.00 for an organization exempt under subsection (1)(a) or (b) and \$25,000.00 for an organization exempt under subsection (1)(c).

Enacting section 1. This amendatory act takes effect 90 days after the date it is enacted into law.

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved

Governor