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SALES AND USE TAXES: EXEMPT COMPUTER-RELATED EQUIPMENT

House Bills 5967 and 5968
Sponsor: Rep. Kirk A. Profit
Committee: Tax Policy

Complete to 6-25-98

A SUMMARY OF HOUSE BILLS 5967 AND 5968 AS INTRODUCED 6-24-98

The bills would provide an exemption from the sales tax and from the use tax for equipment primarily used in connection with the computer-assisted production, storage, and transmission of data primarily sold to certain nonprofit organizations if the equipment would have been exempt had the data transfer sale been considered a sale of tangible personal property. House Bill 5967 would amend the General Sales Tax Act (MCL 205.54a). House Bill 5968 would amend the Use Tax Act (MCL 205.94).

The bills would apply to nonprofits that are health, welfare, educational, cultural arts, charitable, or benevolent organizations with exemption ruling letters from the Department of Treasury and organizations exempt from federal income tax under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code.

The sections in the acts being amended currently provide an exemption for a computer used in operating industrial processing equipment; equipment used in computer-assisted manufacturing; equipment used in a computer-assisted design or engineering system integral to an industrial process; and a subunit or electronic assembly that is a component in a computer-integrated industrial processing system.

Analyst: C. Couch

■ 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.