

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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House Bill 4163 (Substitute S-2 as reported)  
Sponsor: Representative Jessie Dalman  
House Committee: Tax Policy  
Senate Committee: Finance

### **CONTENT**

The bill would amend the General Sales Tax Act to exempt from the sales tax sales of tangible personal property purchased by a person engaged in the business of constructing, altering, repairing, or improving real estate for others, if the property were to be affixed to or made a "sanctuary".

Under the bill, "sanctuary" would mean only that portion of a building that was owned and occupied by a "regularly organized church or house of religious worship" that was used, or would be used, predominantly and regularly for public worship. A "regularly organized church or house of religious worship" would mean a religious organization qualified as exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. (Section 501(c)(3) exempts from taxation a corporation, community chest, fund, or foundation organized and operated exclusively for religious purposes, or other purposes as provided under the Code.)

The bill is tie-barred to House Bill 4743, which would amend the Use Tax Act.

Proposed MCL 205.54p

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

Based on data from the U.S. Bureau of the Census, the estimated loss in sales tax collections would be on average \$4 million per year.

Date Completed: 5-13-98

Fiscal Analyst: R. Ross