
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 5053 (Substitute S-3 as reported by the Committee of the Whole)

Sponsor: Representative Kirk A. Profit

House Committee: Tax Policy

Senate Committee: Finance

CONTENT

The bill would amend the General Sales Tax Act to add a definition of "hospital" for purposes of a sales tax exemption for material used in the construction, alteration, or repair of a nonprofit hospital. The bill provides that, for taxes levied after 1990 and before 1996, "hospital" would include, but not be limited to, an entity that met both of the following qualifications:

- A separately organized entity, or a group of entities sufficiently related to be considered a single employer for purposes of Section 414 of the Internal Revenue Code, the primary purpose of which was to provide medical, obstetrical, psychiatric, or surgical care or nursing; nursing would include care provided by skilled nurses in a long-term care facility.
- Prior to 1996, initiated an appeal of sales taxes assessed on tangible personal property that was used to construct a facility after 1990 and before 1996, whose primary purpose was to provide medical, obstetrical, psychiatric, or surgical care or nursing.

MCL 205.51

Legislative Analyst: G. Towne

FISCAL IMPACT

According to representatives of Bronson Methodist Hospital, House Bills 4742 (S-2) and 5053 (S-3) would retroactively eliminate a sales and use tax liability of less than \$250,000.

Date Completed: 12-4-98

Fiscal Analyst: J. Wortley