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How does a nonprofit designation affect utility bills?

Nonprofit designation requirements

IRS - Exemption Requirements
Section 501(c)(3) Organizations.
To be designated as a tax-exempt entity, an agency must be organized and operated exclusively for exempt purposes as defined by section 501(c)(3) of the Internal Revenue Code.

Visit the IRS website at www.irs.gov or call 877-829-5500 for more information.

State of Michigan LARA
Corporations Information
In addition, if the organization wishes to incorporate, the Articles of Incorporation must be filed with the Michigan Department of Licensing and Regulatory Affairs (LARA).

Visit the Corporations Division website at www.michigan.gov/lara or call 517-241-6470.

State of Michigan Attorney General
Charitable Trusts
Corporations formed for charitable purposes may need to be licensed to solicit donations and/or, if holding charitable assets, to be registered as a charitable trust with the Michigan Attorney General, Charitable Trust Section. Professional Fund Raisers must also be licensed.

Charitable purposes include such things as benefiting the poor, caring for the sick, supporting education or libraries, erecting public buildings, or otherwise lessening the burdens of government, supporting civic organizations to perform good works, and promoting the welfare of the community.

Corporations exempt from licensing and/or registration may include ecclesiastical corporations, certified schools, and licensed hospitals.

For further information and application or registration forms, contact the Michigan Department of Attorney General, Charitable Trust Section, at its website www.michigan.gov/ag or call 517-373-1152.

State sales tax exemption on utility bills
According to the Michigan tax code at the time of publication, churches, schools, charities, eligible hospitals, and other nonprofit organizations are exempt from state sales tax on regulated electric, natural gas, and telecommunication bills. This results in significant savings on monthly utility bills. It is important to contact each utility in order to comply with its filing process and keep the filing current.

Additional information is available at the Michigan Department of Treasury at www.michigan.gov/taxes or by calling 517-636-6925.

What if our organization already paid the taxes?
Contact the appropriate utility company, ask about filing the required form and provide documentation, if necessary, to request a refund.