

STREAMLINED SALES TAX

**Senate Bill 433 as revised by the House
Tax Policy Committee
Sponsor: Sen. Joanne Emmons**

Addendum to SFA Analysis (7-12-01)

**Senate Committee: Finance
House Committee: Tax Policy**

**ADDENDUM TO SENATE FISCAL AGENCY ANALYSIS OF SB 433 AS PASSED BY
THE SENATE DATED 6-13-01:**

HOUSE COMMITTEE ACTION:

The House Tax Policy Committee revised the bill, adopting a Substitute H-5 and additional amendments. This version of the bill differs from the Senate-passed version in several ways. Generally speaking, the House substitute adds several provisions dealing with the bill's intent and changes the composition of the board of governance.

- The new act would be entitled, "The Equitable Use Tax Administration Act" rather than "The Streamlined Sales and Use Tax Administration Act" (as in the Senate-passed version).

- The substitute would specify that the new act "shall at no time create or implement a new tax on interstate electronic commerce".

- The substitute would add a statement specifying that "this act is not intended to generate revenue that is not currently due under the sales and use tax acts but is intended to provide for simplification of the method of collecting the sales and use taxes that is currently authorized to be collected under those acts". This sentence is added in a section (Section 3) that, as passed by the Senate, specifies that the new act should not be construed to expand the tax base of the sales tax or the use tax or to eliminate exemptions but rather to simplify and modernize the acts in order to substantially reduce the burden of tax compliance for all sellers and for all types of commerce.

- The substitute would add several other statements limiting the effect of the new act. It would specify the following. (1) Any provision of the agreement or any application of a provision of the agreement to any person or circumstance that was inconsistent with any state law would not have effect. (2) Nothing in the act could be construed to amend or modify any state law or to limit the authority of the state legislature. The agreement authorized by the new act could bind and inure only to the benefit of Michigan and the other signatory states. No person, other than a signatory state, would be an intended beneficiary of the agreement. Any benefit to a person other than a signatory state would have to be established by the laws of Michigan and the other signatory states and not by the terms of the agreement. (3) Nothing in the act could be construed to limit the authority of the courts of the state. A person would have all of the rights and remedies provided for in the revenue act. A person would not have any cause of action or defense under the agreement because of the state's approval of the agreement

or on the ground that the department's action or inaction was inconsistent with the agreement. The board of governance created in the substitute would be made up of the Majority Leader of the Senate or a designee who was a member of the Senate or an employee of the Senate or the Senate Fiscal Agency; the Speaker of the House of Representatives or a designee who was a member of the House or an employee of the House or the House Fiscal Agency; the Minority Leader of the Senate or a designee who was a member of the Senate or an employee of the Senate or the Senate Fiscal Agency; the Minority Leader of the House or a designee who was a member of the House or an employee of the House or the House Fiscal Agency; the state treasurer or a designee; and the governor or a designee. As passed by the Senate, the bill would require the Majority Leader, Speaker, and governor to each appoint a member to the board (rather than serve on the board). In both versions, the state treasurer or a designee would be a member.

- The substitute would require the governing board to report quarterly to the Senate and House committees reviewing tax issues on the board's progress in negotiating an agreement and to recommend what changes needed to be made to state statutes for them to be substantially in compliance with the agreement. The Senate-passed version required an annual recommendation of needed amendments to state statutes.

- The substitute would require that the House and Senate committees responsible for reviewing tax issues would have to review the revenue reports produced by the fiscal agencies and develop methods to return to the taxpayers revenues from enhanced use tax compliance as a result of the new act.

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.