

# Legislative Analysis

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## STREAMLINED SALES/USE TAX AMENDMENT

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**House Bill 4906**

**Sponsor: Rep. Kate Ebli**

**Committee: Tax Policy**

*(Enacted as Public Act 138 of 2009)*

**Complete to 5-19-09**

### A SUMMARY OF HOUSE BILL 4906 AS INTRODUCED 5-7-09

The bill would amend the Streamlined Sales and Use Tax Administration Act to provide a process for addressing incorrect classifications of items or transactions subject to taxation.

The act being amended is an element in the state's participation in the Streamlined Sales Tax Project, a multi-state effort to simplify and modernize sales and use tax collection and administration as a means of reducing the burden of collecting those taxes on sellers, thereby increasing compliance with the taxes. This is of particular importance in taxing remote sales, such as sales on the internet and by catalogue.

Under House Bill 4906, the Department of Treasury would notify a certified service provider or a seller that uses a certified automated system when it determined that an item or transaction is incorrectly classified as to its taxability. The certified provider or seller would then have to revise the classification within ten days. If the classification is not revised within ten days, then the provider or seller would be liable for the failure to collect the correct amount of sales or use tax due and owing to Michigan.

[A seller who registers to participate in the streamlined sales tax system can use a certified service provider -- a specialized firm -- to act as its agent to perform all of its sales and use tax collection functions other than its obligation to remit sales and use taxes on its own purchases; or the seller can use a certified automated system to perform a portion of its sales and use tax collection functions, but retain the responsibility to remit the tax.]

### **FISCAL IMPACT:**

A fiscal analysis is in process.

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