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BILL ANALYSIS

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House Bill 5504 (Substitute H-2 as reported without amendment)

Sponsor: Representative Paul Condino

House Committee: Tax Policy

Senate Committee: Finance

CONTENT

The bill would create the "Streamlined Sales and Use Tax Administration Act", under which the State Treasurer could enter into the Streamlined Sales and Use Tax Agreement with one or more other states.

The bill, together with House Bills 5502 (H-1), 5503 (H-1), and 5505 (H-1), would authorize Michigan's participation in the Streamlined Sales Tax Project (a multistate effort to simplify and modernize sales and use tax collection and administration). All of the bills are tied to each other. House Bill 5504 (H-1) would take effect July 1, 2004.

Under the bill, the Department of Treasury could take actions reasonably required to implement the provisions of the proposed Act, including promulgating rules and regulations, and jointly procuring goods and services with other member states. A State delegation of four people would be appointed to the governing board under the Agreement. Members of the delegation could represent the State in all meetings of the board and would vote on the State's behalf on certification issues and other matters.

A person would be permitted to participate under the Agreement only by registering in the central registration system provided for by the Agreement. By registering, a seller would be considered registered in each of the member states, and would agree to collect and remit sales and use taxes for all taxable sales into the State.

A seller under the Agreement could use one of four models to collect and remit sales and use taxes, including the use of a "certified service provider" to perform all of the seller's sales and use tax functions, other than the seller's obligation to remit tax on its own purchases. Certified service providers would be subject to privacy requirements regarding personally identifiable information of consumers.

Legislative Analyst: J.P. Finet

FISCAL IMPACT

Please see **FISCAL IMPACT** on House Bill 5502 (H-1).

Date Completed: 6-8-04

Fiscal Analyst: Jay Wortley

floor\hb5504 (H-2)

Analysis available @ <http://www.michiganlegislature.org>

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.