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Senate Bill 415 and 416 (as introduced 6-27-23) *(Senate-passed version)*
Sponsor: Senator Veronica Klinefelt
Committee: Finance, Insurance, and Consumer Protection

Date Completed: 10-31-23

CONTENT

Senate Bill 415 and Senate Bill 416 would amend the General Sales Tax Act and the Use Tax Act, respectively, to specify that, if a seller were licensed by the Michigan Liquor Control Commission (MLCC) as a micro brewer, obtaining the purchaser's MLCC licensee number would satisfy a requirement to obtain a purchaser's identifying information for the purposes of exemptions under those Acts.

Senate Bills 415 and 416 are tie-barred.

Under each Act, if an exemption from the sales or use tax, as applicable, is claimed, the seller must obtain identifying information of the purchaser and the reason for claiming the exemption at the time of the purchase or at a later date. The seller must obtain the same information for a claimed exemption regardless of the medium in which the transaction occurred; however, if a seller is one of the following, obtaining the purchaser's license number issued by the MLCC satisfies the above requirements:

- A wholesaler licensed by the MLCC for purposes of sales of liquor to another MLCC licensee.
- The MLCC or a person certified by the MLCC as an authorized distribution agent for purposes of sale and distribution of liquor to a person licensed by the MLCC.

Under the bills, this also would apply to a person licensed by the MLCC as a micro brewer for purposes of alcoholic liquor sales to another licensee. "Micro brewer" would mean that term as defined in Section 109 of the Michigan Liquor Control Code: a brewer that manufactures in total less than 60,000 barrels of beer per year and that may sell the beer manufactured to consumers at the licensed brewery premises for consumption on or off the licensed brewery premises and to retailers as provided in the Code.

If the information required above were maintained, an exemption certificate or other documentation or information would not be required for a sales or use tax exemption for a micro brewer.

MCL 205.62 & 205.68 (S.B. 415)
205.104a & 205.104b (S.B. 416)

PREVIOUS LEGISLATION

(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

Senate Bills 415 and 416 are reintroductions of Senate Bill 853 and 852, respectively of the 2021-2022 Legislative Session. Senate Bills 852 and 853 passed the Senate and were reported from the House Committee on Tax Policy but received no further action.

BACKGROUND

Public Acts 3 and 4 of 2022 amended the General Sales Tax Act and the Use Tax Act, respectively, to specify that, if a seller is licensed by the MLCC, the purchaser's MLCC licensee number satisfies a requirement to obtain a purchaser's identifying information for the purposes of exemptions under those Acts. Those changes took effect on February 1, 2022.

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Elizabeth Raczkowski
David Zin

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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.