

# Legislative Analysis



## EXEMPTION DOCUMENTATION REQUIREMENTS

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 5322 (H-1) as reported from committee**  
**Sponsor: Rep. Matt Hall**

Analysis available at  
<http://www.legislature.mi.gov>

**House Bill 5323 (H-1) as reported from committee**  
**Sponsor: Rep. Tenisha Yancey**

**Committee: Tax Policy**  
**Complete to 11-3-21**

*(Enacted as Public Acts 3 and 4 of 2022)*

## SUMMARY:

House Bills 5322 and 5323 would amend the General Sales Tax Act and the Use Tax Act, respectively, to revise certain documentation requirements for wholesalers and distribution agents licensed under the Michigan Liquor Control Code.

Section 12 of the Sales Tax Act<sup>1</sup> provides that, when a sales tax exemption is claimed, a seller must obtain identifying information of the purchaser and the reason for claiming the exemption. However, under section 18,<sup>2</sup> if the information required under section 12 is maintained, an exemption certificate is not required for an exemption claim by the following parties (among others not addressed in the bill):

- A wholesaler licensed by the Michigan Liquor Control Commission (MLCC).
- The MLCC or a person licensed by the MLCC as an authorized distribution agent for purposes of sale and distribution of alcohol to a person licensed by the MLCC.

**House Bill 5322** would provide that, as long as the identifying information and reason for the exemption are maintained, no other documentation or information is required for an exemption claim by those parties (in addition to the exemption certificate not being required). The bill also would state that, if the seller is one of the parties listed above, obtaining the purchaser's license number issued by the MLCC would satisfy the identification and exemption reason requirements.

**House Bill 5323** would mirror those changes in the equivalent provisions of the Use Tax Act.

MCL 205.62 and 205.68 (HB 5322)  
MCL 205.104a and 205.104b (HB 5323)

## FISCAL IMPACT:

As written, the bills would not be expected to have any significant impact on state costs or revenues.

---

<sup>1</sup> The equivalent provision of the Use Tax Act is section 14b.

<sup>2</sup> The equivalent provision of the Use Tax Act is section 14a.

**POSITIONS:**

A representative of the Michigan Beer and Wine Wholesalers Association testified in support of the bills. (9-29-21)

The Department of Treasury indicated a neutral position on the bills. (9-29-21)

Legislative Analyst: Jenny McInerney  
Fiscal Analyst: Jim Stansell

---

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.