

May 9, 2023

The Honorable Cynthia Neeley  
Tax Policy, Chairwomen  
Michigan State Representative, 70<sup>th</sup> District  
P.O. Box 30014  
Lansing, Michigan 48933

Dear Chair Neeley:

The Detroit Regional Chamber **opposes House Bill 4377 and 4378** as introduced. This legislation attempts to update Michigan's law regarding the Streamlined Sales and Use Tax Agreement and the recent court ruling *Emagine Entertainment, Inc et. al. v Department of Treasury*. Thank you for taking the time to consider the Chamber's opposition.

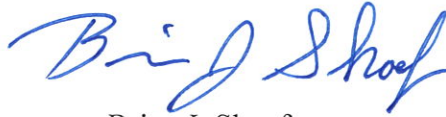
The Chamber applauds the effort of the Department and you to correct this issue. However, as written, we are concerned that this legislation only exempts candy and soft drinks and leaves it up to the interpretation of Treasury what other items could be included, such as the possibility that Unsweet Iced Tea is taxable, but Sweet Tea is not taxable. In fact, soft drinks were not at issue in *Emagine*, but both bottled beverages and non-candy snack items were. If this legislation is to move forward we would ask for the expansion of the current definitions or new definitions to include all bottled beverages and non-candy snacks.

We also question whether the value of remaining a streamlined sales and use tax agreement (SSUTA) member remains necessary in a post *Wayfair* decision. Prior to the *Wayfair* decision, Michigan being a member of SSUTA had many benefits in making sure there was uniformity among states allowing us to effectively collect taxes on remote sales. The *Wayfair* decision is now the law of the land giving states the flexibility to exercise their autonomy. Currently, only 24 states are members of SSUTA representing less than 30% of the US economy. The six largest states in the US are not members of SSUTA (CA, TX, NY, FL, IL, PA) and since 2011 no new states have joined. As a result of SSUTA, Michigan's Legislature has given some of its authority to set tax policy that is good for Michigan to a non-elected group from around the country. The Michigan Legislature should decide what is taxable and what good tax policy looks like.

The Chamber looks forward to the opportunity to sit down with you, the Department, and stakeholders to work on this issue. We need to find Michigan solutions to issues like this.

On behalf of the Chamber and its members, we ask that you vote **No** on **House Bills 4377 and 4378** in their introduced state.

Sincerely,



Brian J. Shoaf  
Director of Government Relations

CC: House Tax Policy Committee  
Representative Brenda Carter