



100 Majestic Drive, Suite 400 ♦ Westby, WI 54667

State and Local Advisory Council Request and Assignment Form

Provide the name(s) and contact information of the state or parties submitting the Request.

Date: 3/1/2023

Name of State or Person(s) submitting request: David Matelski on behalf of the State of Michigan

Contact Person: David Matelski

Address: 430 W. Allegan St. Lansing, MI 48909

Phone: 517-335-7477 **Email:** matelskid@michigan.gov

1. Agreement Section(s), Rules or Tax Administration Practice(s) involved (if any). (Identify the section(s) of the Streamlined Sales and Use Tax Agreement, the Streamlined Rules, or Tax Administration Practices, if any, which are affected or involved with the issue.)

Definition of “Delivery Charges” and “Sales Price” in Appendix C, Part I of the Library of Definitions, Administrative Definitions in the Agreement.

Rule 327.4 – Delivery Charges

2. Question, Issue, or Topic for discussion. (Identify the question, issue, or topic you believe requires a study or resolution by SLAC.)

Should an amendment to the Agreement be adopted to give states the option to retain, within the definition of “sales price,” delivery charges involving or relating to sales of electricity, natural gas, or artificial gas by a utility if the state elects to generally exclude delivery charges from the definition of “sales price” that are separately stated on the invoice, billing, or similar document given to the purchaser?

3. Statement of Background Facts. (Provide a detailed description of the issue and supporting facts. Please be as descriptive as possible and provide examples of actual transactions.)

Currently, if a state seeks to exclude “delivery charges” and/or “installation charges” from the “sales price,” the only options available are to (i) exclude ALL delivery charges or (ii) certain components (e.g., handling, crating, postage, etc.) comprising delivery charges and/or exclude ALL installation charges. Being limited to only these options may preclude a state from choosing to exclude ALL delivery charges and/or ALL installation charges, even if doing so would result in a significant reduction in administrative burdens to the state (as well as lowering the tax burden on sellers and, presumably, consumers), because the negative revenue impacts would be unacceptable given that a significant amount of delivery (e.g., “distribution”) and installation charges involve sales of electricity, natural gas, and artificial gas by utilities.

4. Proposed Resolution/Outcome/Solution. (Provide a description of the anticipated outcome from the workgroup. For example: Development of an interpretive rule pertaining to Section XXX of the Agreement.)

Governing Board will approve an amendment to the Agreement to revise the definition of “delivery charges” and “sales price” in Appendix C, Part I of the Library of Definitions, Administrative Definitions, to include a new toggle that allows states to exclude delivery charges and/or installation charges that are separately stated on the invoice, billing, or similar document given to the purchaser from the “sales price” EXCEPT when those charges involve or relate to the sale of electricity, natural gas, or artificial gas by a utility. Approval of such an amendment would require an update to Rule 327.4 to make it consistent with the proposed change to the definition of “delivery charges” in the Agreement.

To illustrate the proposed change to the Agreement's definition of "delivery charges," an example of such an amendment (new language in UPPERCASE) is provided below:

"Delivery charges" means charges by the seller of personal property or services for preparation and delivery to a location designated by the purchaser of personal property or services including, but not limited to, transportation, shipping, postage, handling, creating, and packing.

A. A member state may exclude all delivery charges from the sales price of all personal property and services, CHOOSE TO EXCLUDE ALL DELIVERY CHARGES FROM THE SALES PRICE OF ALL PERSONAL PROPERTY AND SERVICES EXCEPT FOR DELIVERY CHARGES INVOLVING OR RELATING TO THE SALE OF ELECTRICITY, NATURAL GAS, OR ARTIFICIAL GAS BY A UTILITY, or choose to exclude from the sales price of personal property or services one or more of the following components, and may amend the definition of delivery charges accordingly:

1. Handling, crating, packing, preparation for mailing or delivery, and similar charges; or
2. Transportation, shipping, postage, and similar charges

To illustrate the proposed change to the Agreement's definition of "sales price" (specifically, the provision relating to exclusions under paragraph B.1.) to address installation charges (whether alone or coupled with delivery charges), an example of such an amendment (new language in UPPERCASE) is provided below:

"Sales Price" applies to the measure subject to sales tax and means the total amount of consideration, including cash, credit, property, and services, for which personal property or services are sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for the following: ...

(iv) Delivery charges;

(v) installation charges; ...

B. All exclusions from sales price shall be listed on the state's taxability matrix. Unless a seller seeks an exclusion from sales price, a seller is not required to separately state an exclusion on an invoice, billing or similar document given to the purchaser.

1. A state may exclude from "sales price" the amounts received for charges included in paragraphs (iii) through (vi) above, if they are separately stated on the invoice, billing statement, or similar document given to the purchaser. FOR CHARGES INCLUDED IN PARAGRAPHS (IV) AND (V) ABOVE, A STATE MAY INCLUDE IN THE "SALES PRICE" ANY OF THE FOLLOWING CHARGES EVEN IF THE STATE OTHERWISE EXCLUDES SUCH CHARGES FROM THE "SALES PRICE" IF SEPARATELY STATED ON THE INVOICE, BILLING STATEMENT, OR SIMILAR DOCUMENT GIVEN TO THE PURCHASER:

(A) DELIVERY CHARGES INVOLVING OR RELATING TO THE SALE OF ELECTRICITY, NATURAL GAS, OR ARTIFICIAL GAS BY A UTILITY.

(B) INSTALLATION CHARGES INVOLVING OR RELATING TO THE SALE OF ELECTRICITY, NATURAL GAS, OR ARTIFICIAL GAS BY A UTILITY.

Submit completed form to:

Craig Johnson, Executive Director
Streamlined Sales Tax Governing Board
100 Majestic Dr., Suite 400
Westby, WI 54667

Email: Craig.Johnson@SSTGB.org
Phone: 608-634-6160
www.streamlinedsalestax.org

For SST Governing Board Use

Approved by: [Click here to enter name.](#) **Date:** [Click here to select a date.](#)

Approved with Modifications (If the Governing Board determines the request will be addressed by SLAC but in a modified format, explain the modifications to the request here):

[Click here to enter text.](#)

Denied by: [Click here to enter name.](#) **Date:** [Click here to select a date.](#)

Form F0021 Instructions

The scope of work for the State and Local Advisory Council (SLAC) is to advise the Governing Board on matters pertaining to the administration of the Streamlined Sales and Use Tax Agreement (Agreement). Matters relating to noncompliance of members with the Agreement, interpretive rules clarifying Agreement language, and revisions or additions to the Agreement are all within the scope of a SLAC work assignment. This form, as submitted by a requestor, is a public document and shall be published on the Streamlined Governing Board's website.

Any state and person making a request for a SLAC work assignment must do so by completing the **SLAC REQUEST & ASSIGNMENT FORM** and submitting it to the Executive Director of the Streamlined Sales Tax Governing Board. The Governing Board will take up the request at its next scheduled meeting or as applicable the SLAC Chair will take up the request at the next SLAC Steering Committee meeting. Any decision by the SLAC Steering Committee shall be reported to the Governing Board at its next meeting. In the interim, a request approved by the SLAC Steering Committee can be assigned to a SLAC workgroup. The Governing Board may approve, deny or modify the request at any time.

The Governing Board is not required to use this form to refer matters to SLAC. If the Governing Board refers an item to SLAC without use of this form, the Governing Board should provide written guidance to the SLAC Chair as to the expectations regarding the assigned task.

(Note: States or other persons requesting an interpretive opinion of existing Agreement provisions or definitions should not use this form, but should instead complete and submit the **INTERPRETATION/ DEFINITION REQUEST** form.)