

HOUSE SUBSTITUTE FOR SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 5477

A bill to amend 2000 PA 403, entitled  
"Motor fuel tax act,"  
by amending sections 2, 3, 5, 6, 8, 14, 22, 40, 53, 63, 122, 151,  
152, 153, 154, and 155 (MCL 207.1002, 207.1003, 207.1005, 207.1006,  
207.1008, 207.1014, 207.1022, 207.1040, 207.1053, 207.1063,  
207.1122, 207.1151, 207.1152, 207.1153, 207.1154, and 207.1155),  
sections 2, 5, and 122 as amended by 2002 PA 668, section 3 as  
amended by 2006 PA 277, and section 8 as amended by 2006 PA 268.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 2. As used in this act:

2       (a) "Alcohol" means fuel grade ethanol or a mixture of fuel  
3 grade ethanol and another product.

4       (b) "APPLICABLE PERCENTAGE" MEANS 1 OF THE FOLLOWING:

1 (i) BEGINNING JANUARY 1, 2016, 8.5%.

2 (ii) FOR THE YEAR BEGINNING JANUARY 1, 2017, 9.5%.

3 (iii) FOR THE YEAR BEGINNING JANUARY 1, 2018, 10.5%.

4 (iv) FOR THE YEAR BEGINNING JANUARY 1, 2019, 11.5%.

5 (v) FOR THE YEAR BEGINNING JANUARY 1, 2020, 12.5%.

6 (vi) FOR THE YEAR BEGINNING JANUARY 1, 2021, AND EACH CALENDAR  
7 YEAR THEREAFTER, 13.5%.

8 (C) "AVERAGE WHOLESALE DIESEL FUEL PRICE" MEANS THE STATEWIDE  
9 AVERAGE WHOLESALE PRICE OF DIESEL FUEL AS DETERMINED BY THE  
10 DEPARTMENT BASED UPON A 12-MONTH ROLLING AVERAGE OF THE WHOLESALE  
11 DIESEL FUEL PRICE. FOR EACH RATE IN EFFECT FOR A PARTICULAR YEAR  
12 UNDER SECTION 8(1)(B), THE 12-MONTH ROLLING AVERAGE PERIOD ENDS ON  
13 THE LAST DAY OF THE MONTH THAT IS 3 MONTHS PRIOR TO THE DATE ON  
14 WHICH THE RATE DETERMINED UNDER SECTION 8(1)(B) BECOMES EFFECTIVE.

15 (D) "AVERAGE WHOLESALE GASOLINE PRICE" MEANS THE STATEWIDE  
16 AVERAGE WHOLESALE PRICE OF GASOLINE AS DETERMINED BY THE DEPARTMENT  
17 BASED UPON A 12-MONTH ROLLING AVERAGE OF THE WHOLESALE GASOLINE  
18 PRICE. FOR EACH RATE IN EFFECT FOR A PARTICULAR YEAR UNDER SECTION  
19 8(1)(A), THE 12-MONTH ROLLING AVERAGE PERIOD ENDS ON THE LAST DAY  
20 OF THE MONTH THAT IS 3 MONTHS PRIOR TO THE DATE ON WHICH THE RATE  
21 DETERMINED UNDER SECTION 8(1)(A) BECOMES EFFECTIVE.

22 (E) "BASE YEAR REVENUE" MEANS THE TOTAL REVENUE COLLECTED BY  
23 THE DEPARTMENT DURING THE FISCAL YEAR ENDING SEPTEMBER 30, 2014  
24 DERIVED FROM MOTOR FUEL SOLD, DELIVERED, OR USED IN THIS STATE UPON  
25 WHICH THE TAX UNDER SECTION 8(1) WAS IMPOSED.

26 (F) ~~(b)~~ "Blendstock" means and includes any petroleum product  
27 component of motor fuel, such as naphtha, reformate, or toluene; or

1 any oxygenate that can be blended for use in a motor fuel.

2 (G) ~~(e)~~—"Blended motor fuel" means a mixture of motor fuel and  
3 another liquid, other than a de minimis amount of a product  
4 including, but not limited to, carburetor detergent or oxidation  
5 inhibitor, that can be used as motor fuel in a motor vehicle.

6 (H) ~~(d)~~—"Blender" means and includes any person who produces  
7 blended motor fuel outside of the bulk transfer/terminal system.

8 (I) ~~(e)~~—"Blends" or "blending" means the mixing of 1 or more  
9 petroleum products, with or without another product, regardless of  
10 the original character of the product blended, if the product  
11 obtained by the blending is capable of use in the generation of  
12 power for the propulsion of a motor vehicle, an airplane, or a  
13 marine vessel. Blending does not include mixing that occurs in the  
14 process of refining by the original refiner of crude petroleum or  
15 the blending of products known as lubricating oil in the production  
16 of lubricating oils and greases.

17 (J) ~~(f)~~—"Bulk end user" means a person who receives into the  
18 person's own storage facilities by transport truck or tank wagon  
19 motor fuel for the person's own consumption.

20 (K) ~~(g)~~—"Bulk plant" means a motor fuel storage and  
21 distribution facility that is not a terminal and from which motor  
22 fuel may be withdrawn by a tank wagon, a transport truck, or a  
23 marine vessel.

24 (L) ~~(h)~~—"Bulk transfer" means a transfer of motor fuel from 1  
25 location to another by pipeline tender or marine delivery within  
26 the bulk transfer/terminal system, including, but not limited to,  
27 all of the following transfers:

1 (i) A marine vessel movement of motor fuel from a refinery or  
2 terminal to a terminal.

3 (ii) Pipeline movements of motor fuel from a refinery or  
4 terminal to a terminal.

5 (iii) Book transfers of motor fuel within a terminal between  
6 licensed suppliers before completion of removal across the terminal  
7 rack.

8 (iv) Two-party exchanges between licensed suppliers.

9 (M) ~~(i)~~—"Bulk transfer/terminal system" means the motor fuel  
10 distribution system consisting of refineries, pipelines, marine  
11 vessels, and terminals. Motor fuel in a refinery, pipeline,  
12 terminal, or a marine vessel transporting motor fuel to a refinery  
13 or terminal is in the bulk transfer/terminal system. Motor fuel in  
14 a fuel storage facility including, but not limited to, a bulk plant  
15 that is not part of a refinery or terminal, in the fuel supply tank  
16 of any engine or motor vehicle, in a marine vessel transporting  
17 motor fuel to a fuel storage facility that is not in the bulk  
18 transfer/terminal system, or in any tank car, rail car, trailer,  
19 truck, or other equipment suitable for ground transportation is not  
20 in the bulk transfer/terminal system.

21 (N) ~~(j)~~—"Carrier" means an operator of a pipeline or marine  
22 vessel engaged in the business of transporting motor fuel above the  
23 terminal rack.

24 (O) ~~(k)~~—"Commercial motor vehicle" means a motor vehicle  
25 licensed **AS A QUALIFIED COMMERCIAL MOTOR VEHICLE** under the motor  
26 carrier fuel tax act, 1980 PA 119, MCL 207.211 to 207.234, **OR A**  
27 **MOTOR VEHICLE LICENSED UNDER AN INTERNATIONAL FUEL TAX AGREEMENT**

1 UNDER SECTION 2A OF THE MOTOR CARRIER FUEL TAX ACT, 1980 PA 119,  
2 MCL 207.212A.

3 (P) ~~(I)~~—"Dead storage" is the amount of motor fuel that cannot  
4 be pumped out of a motor fuel storage tank because the motor fuel  
5 is below the mouth of the tank's draw pipe. The amount of motor  
6 fuel in dead storage is 200 gallons for a tank with a capacity of  
7 less than 10,000 gallons and 400 gallons for a tank with a capacity  
8 of 10,000 gallons or more.

9 (Q) ~~(m)~~—"Denaturants" means ~~and includes~~ gasoline, natural  
10 gasoline, gasoline components, or toxic or noxious materials added  
11 to fuel grade ethanol to make it unsuitable for beverage use but  
12 not unsuitable for automotive use.

13 (R) ~~(n)~~—"Department" means the ~~bureau of revenue within the~~  
14 department of treasury or its designee.

15 (S) ~~(o)~~—"Destination state" means ~~the~~ **A** state, Canadian  
16 province or territory, or foreign country to which motor fuel is  
17 directed for export.

18 (T) ~~(p)~~—"Diesel fuel" means any liquid other than gasoline  
19 that is capable of use as a fuel or a component of a fuel in a  
20 motor vehicle that is propelled by a diesel-powered engine or in a  
21 diesel-powered train. Diesel fuel includes number 1 and number 2  
22 fuel oils, kerosene, dyed diesel fuel, and mineral spirits. Diesel  
23 fuel also includes any blendstock or additive that is sold for  
24 blending with diesel fuel, any liquid prepared, advertised, offered  
25 for sale, sold for use as, or used in the generation of power for  
26 the propulsion of a diesel-powered engine, airplane, or marine  
27 vessel. An additive or blendstock is presumed to be sold for

1 blending unless a certification is obtained for federal purposes  
 2 that the substance is for a use other than blending for diesel  
 3 fuel. Diesel fuel does not include an excluded liquid.

4 (U) ~~(q)~~ "Dyed diesel fuel" means diesel fuel that is dyed in  
 5 accordance with internal revenue service rules or pursuant to any  
 6 other internal revenue service requirements, including any  
 7 invisible marker requirements.

8 (V) ~~(r)~~ "Eligible purchaser" means a person who has been  
 9 authorized by the department under section 75 to make ~~the~~ **AN**  
 10 election under section 74.

11 (W) ~~(s)~~ "Excluded liquid" means that term as defined in 26  
 12 C.F.R. ~~CFR~~ 48.4081-1.

13 (X) ~~(t)~~ "Export" means to obtain motor fuel in this state for  
 14 sale or other distribution outside of this state. Motor fuel  
 15 delivered outside of this state by or for the seller constitutes an  
 16 export by the seller and motor fuel delivered outside of this state  
 17 by or for the purchaser constitutes an export by the purchaser.

18 (Y) ~~(u)~~ "Exporter" means a person who exports motor fuel.

19 Sec. 3. As used in this act:

20 (a) "Fuel feedstock user" means a person who receives motor  
 21 fuel for the person's own use in the manufacture or production of  
 22 any substance other than motor fuel.

23 (b) "Fuel grade ethanol" means the American society for  
 24 testing and materials standard in effect on ~~the effective date of~~  
 25 ~~this act~~ **APRIL 1, 2001** as the D-4806 specification for denatured  
 26 fuel grade ethanol for blending with gasoline.

27 (c) "Fuel transportation vehicle" means a vehicle designed or

1 used to transport motor fuel on the public roads or highways. Fuel  
2 transportation vehicle includes, but is not limited to, a transport  
3 truck and a tank wagon. Fuel transportation vehicle does not  
4 include a vehicle transporting a nurse tank or limited volume  
5 auxiliary-mounted supply tank used for fueling an implement of  
6 husbandry.

7 (d) "Gallon" means a unit of liquid measure as customarily  
8 used in the United States containing 231 cubic inches, or 4 quarts,  
9 or its metric equivalent expressed in liters. Where the term gallon  
10 appears in this act, the term liters is interchangeable so long as  
11 the equivalence of a gallon and 3.785 liters is preserved. A  
12 quantity required to be furnished under this act may be specified  
13 in liters when authorized by the department.

14 (e) "Gasohol" means a blended motor fuel composed of gasoline  
15 and fuel grade ethanol.

16 (f) "Gasoline" means ~~and includes~~ gasoline, alcohol, gasohol,  
17 casing head or natural gasoline, benzol, benzine, naphtha, and any  
18 blendstock additive, or other product including methanol that is  
19 sold for blending with gasoline or for use on the road other than  
20 products typically sold in containers of less than 5 gallons.  
21 Gasoline also includes a liquid prepared, advertised, offered for  
22 sale, sold for use as, or used in the generation of power for the  
23 propulsion of a motor vehicle, airplane, or marine vessel,  
24 including a product obtained by blending together any 1 or more  
25 products of petroleum, with or without another product, and  
26 regardless of the original character of the petroleum products  
27 blended, if the product obtained by the blending is capable of use

1 in the generation of power for the propulsion of a motor vehicle,  
2 airplane, or marine vessel. The blending of all of the above named  
3 products, regardless of their name or characteristics, shall  
4 conclusively be presumed to have been done to produce motor fuel,  
5 unless the product obtained by the blending is entirely incapable  
6 of use as motor fuel. Gasoline also includes transmix. Gasoline  
7 does not include diesel fuel or leaded racing fuel. An additive or  
8 blendstock is presumed to be sold for blending unless a  
9 certification is obtained for federal purposes that the substance  
10 is for a use other than blending for gasoline.

11 (g) "Gross gallons" means the total measured product,  
12 exclusive of any temperature or pressure adjustments,  
13 considerations, or deductions, in gallons.

14 ~~—— (h) "Heating oil" means a motor fuel including dyed diesel~~  
15 ~~fuel that is burned in a boiler, furnace, or stove for heating,~~  
16 ~~agricultural, or industrial processing purposes.~~

17 (H) ~~(i)~~ "Implement of husbandry" means ~~and includes~~ a farm  
18 tractor, a vehicle designed to be drawn or pulled by a farm tractor  
19 or animal, a vehicle that directly harvests farm products, ~~and OR~~ a  
20 vehicle that directly applies fertilizer, spray, or seeds to a farm  
21 field. Implement of husbandry does not include a motor vehicle  
22 licensed for use on the public roads or highways of this state.

23 (I) ~~(j)~~ "Import" means to bring motor fuel into this state by  
24 motor vehicle, marine vessel, pipeline, or any other means.

25 ~~However, import~~ **IMPORT** does not include bringing motor fuel into  
26 this state in the fuel supply tank of a motor vehicle if the motor  
27 fuel is used to power that motor vehicle. Motor fuel delivered into



1 this state from outside of this state by or for the seller  
 2 constitutes an import by the seller, and motor fuel delivered into  
 3 this state from ~~out~~**OUTSIDE** of this state by or for the purchaser  
 4 constitutes an import by the purchaser.

5 (J) ~~(K)~~ "Importer" means a person who imports motor fuel into  
 6 this state.

7 (K) ~~(L)~~ "Import verification number" means the number assigned  
 8 by the department to an individual delivery of motor fuel by a  
 9 transport truck, tank wagon, marine vessel, or rail car in response  
 10 to a request for a number from an importer or transporter carrying  
 11 motor fuel into this state for the account of an importer.

12 (L) ~~(M)~~ "In this state" means the area within the borders of  
 13 this state, including all territories within the borders owned by,  
 14 held in trust by, or added to the United States of America.

15 (M) ~~(N)~~ "Invoiced gallons" means the number of gallons  
 16 actually billed on an invoice.

17 Sec. 5. (1) As used in this act:

18 (a) "Rack" means a mechanism for delivering motor fuel from a  
 19 refinery, a terminal, or a marine vessel into a railroad tank car,  
 20 a transport truck, a tank wagon, the fuel supply tank of a marine  
 21 vessel, or other means of transfer outside of the bulk  
 22 transfer/terminal system.

23 (B) "RATE FLOOR" MEANS A CENTS PER GALLON LOWER LIMIT ON THE  
 24 TAX RATE DETERMINED BY THE DEPARTMENT AND IMPOSED ON GASOLINE UNDER  
 25 SECTION 8(1) (A) AND ON DIESEL FUEL UNDER SECTION 8(1) (B). BEGINNING  
 26 ON THE EFFECTIVE DATE OF THE 2014 AMENDATORY ACT THAT AMENDED THIS  
 27 SUBDIVISION, RATE FLOOR MEANS 19 CENTS.

1           (C) ~~(b)~~—"Refiner" means a person who owns, operates, or  
2 otherwise controls a refinery within the United States.

3           (D) ~~(c)~~—"Refinery" means a facility used to produce motor fuel  
4 from crude oil, unfinished oils, natural gas liquids, or other  
5 hydrocarbons and from which motor fuel may be removed by pipeline,  
6 by marine vessel, or at a rack.

7           (E) ~~(d)~~—"Removal" or "removed" means a physical transfer other  
8 than by evaporation, loss, or destruction of motor fuel from a  
9 terminal, manufacturing plant, customs custody, pipeline, marine  
10 vessel, or refinery that stores motor fuel.

11           (F) ~~(e)~~—"Retail diesel dealer" means a person who sells or  
12 distributes diesel fuel to an end user in this state.

13           (G) ~~(f)~~—"Retail marine diesel dealer" means a person who sells  
14 or distributes diesel fuel to an end user in this state for use in  
15 boats or other marine vessels.

16           (H) ~~(g)~~—"Source state" means the state, Canadian province or  
17 territory, or foreign country from which motor fuel is imported.

18           (I) ~~(h)~~—"Stationary engine" means a temporary or permanently  
19 affixed engine designed and used to supply power primarily for  
20 agricultural or construction work. Stationary engine includes, but  
21 is not limited to, an engine powering irrigation equipment,  
22 generators, or earth-moving equipment.

23           (J) ~~(i)~~—"Supplier", in addition to subsection (2), means a  
24 person who meets all of the following requirements:

25           (i) Is subject to the general taxing jurisdiction of this  
26 state.

27           (ii) Is registered under section 4101 of the internal revenue

1 code for transactions in motor fuel in the bulk transfer/terminal  
2 distribution system.

3 (iii) Is any 1 of the following:

4 (A) The position holder in a terminal or refinery in this  
5 state.

6 (B) A person who imports fuel grade ethanol into this state.

7 (C) A person who acquires motor fuel from a terminal or  
8 refinery in this state from a position holder pursuant to a 2-party  
9 exchange.

10 (D) The position holder in a terminal or refinery outside this  
11 state with respect to motor fuel which that person imports into  
12 this state on its account.

13 (2) Supplier also means a person who either produces alcohol  
14 or alcohol derivative substances in this state or produces alcohol  
15 or alcohol derivative substances for import into a terminal in this  
16 state, or who acquires immediately upon import by transport truck,  
17 tank wagon, rail car, or marine vessel into a terminal or refinery  
18 or other storage facility that is not part of a terminal or  
19 refinery, alcohol or alcohol derivative substances. A terminal  
20 operator is not considered a supplier merely because the terminal  
21 operator handles motor fuel consigned to it within a terminal.  
22 Supplier includes a permissive supplier unless otherwise  
23 specifically provided in this act.

24 Sec. 6. As used in this act:

25 (a) "Tank wagon" means a straight truck having 1 or more  
26 compartments other than the fuel supply tank designed or used to  
27 carry motor fuel.

1 (b) "Tank wagon operator-importer" means a person who operates  
2 a tank wagon and imports motor fuel into this state from another  
3 state.

4 (c) "Tax" means a tax, interest, or penalty levied under this  
5 act.

6 (d) "Terminal" means a motor fuel storage and distribution  
7 facility that meets all of the following requirements:

8 (i) Is registered as a qualified terminal by the internal  
9 revenue service.

10 (ii) Is supplied by pipeline or marine vessel.

11 (iii) Has a rack from which motor fuel may be removed.

12 (e) "Terminal operator" means a person who owns, operates, or  
13 otherwise controls a terminal.

14 (f) "Transmix" means the mixed product that results from the  
15 buffer or interface of 2 different products in a pipeline shipment,  
16 or a mixture of 2 different products within a refinery or terminal  
17 that results in an off-grade mixture.

18 (g) "Transport truck" means a semitrailer combination rig  
19 designed or used for the purpose of transporting motor fuel over  
20 the public roads or highways.

21 (h) "Transporter" means an operator of a railroad or rail car,  
22 tank wagon, transport truck, or other fuel transportation vehicle  
23 engaged in the business of transporting motor fuel below the  
24 terminal rack.

25 (i) "Two-party exchange" means a transaction in which motor  
26 fuel is transferred from 1 licensed supplier or licensed permissive  
27 supplier to another licensed supplier or licensed permissive

1 supplier where all of the following occur:

2 (i) The transaction includes a transfer from the person who  
3 holds the original inventory position for motor fuel in the  
4 terminal as reflected in the records of the terminal operator.

5 (ii) The exchange transaction is completed before removal  
6 across the rack from the terminal by the receiving licensed  
7 supplier or licensed permissive supplier.

8 (iii) The terminal operator in its books and records treats the  
9 receiving exchange party as the supplier that removes the product  
10 across a terminal rack for purposes of reporting the transaction to  
11 the department.

12 (j) "Ultimate vendor" means the person who sells motor fuel to  
13 the end user of the fuel.

14 (K) "WHOLESALE DIESEL FUEL PRICE" MEANS THE PRICE PER GALLON  
15 OF SELF-SERVE UNDYED NO. 2 ULTRA-LOW SULFUR DIESEL FUEL CHARGED BY  
16 A LICENSED SUPPLIER TO A PURCHASER AT THE TIME OF REMOVAL FROM A  
17 TERMINAL ACROSS THE RACK, AS DETERMINED BY THE DEPARTMENT, BASED ON  
18 AVAILABLE PRICING DATA THAT BEST REFLECT OR APPROXIMATE MICHIGAN  
19 RACK PRICES AS REPORTED BY THE UNITED STATES ENERGY ADMINISTRATION,  
20 THE OIL PRICE INFORMATION SERVICE, OR A SIMILAR NATIONALLY  
21 RECOGNIZED SOURCE FOR SUCH PRICING DATA, WHETHER PUBLICLY AVAILABLE  
22 OR AVAILABLE ONLY BY SUBSCRIPTION. WHOLESALE DIESEL FUEL PRICE DOES  
23 NOT INCLUDE THE TAX IMPOSED BY THIS ACT, PREPAID SALES TAX UNDER  
24 SECTION 6A OF THE GENERAL SALES TAX ACT, 1933 PA 167, MCL 205.56A,  
25 FEDERAL EXCISE TAX UNDER SECTION 4081 OF THE INTERNAL REVENUE CODE,  
26 26 USC 4081, ANY OTHER FEDERAL TAX UPON MOTOR FUEL, OR AN  
27 ENVIRONMENTAL PROTECTION REGULATORY FEE IMPOSED UNDER SECTION 21508

House Bill No. 5477 (H-4) as amended December 4, 2014

1 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA  
2 451, MCL 324.21508.

3 (I) "WHOLESALE GASOLINE PRICE" MEANS THE PRICE PER GALLON OF  
4 SELF-SERVE UNLEADED REGULAR GASOLINE CHARGED BY A LICENSED SUPPLIER  
5 TO A PURCHASER AT THE TIME OF REMOVAL FROM A TERMINAL ACROSS THE  
6 RACK, AS DETERMINED BY THE DEPARTMENT, BASED ON AVAILABLE PRICING  
7 DATA THAT BEST REFLECT OR APPROXIMATE MICHIGAN RACK PRICES AS  
8 REPORTED BY THE UNITED STATES ENERGY ADMINISTRATION, THE OIL PRICE  
9 INFORMATION SERVICE, OR A SIMILAR NATIONALLY RECOGNIZED SOURCE FOR  
10 SUCH PRICING DATA, WHETHER PUBLICLY AVAILABLE OR AVAILABLE ONLY BY  
11 SUBSCRIPTION. WHOLESALE GASOLINE PRICE DOES NOT INCLUDE THE TAX  
12 IMPOSED BY THIS ACT, PREPAID SALES TAX UNDER SECTION 6A OF THE  
13 GENERAL SALES TAX ACT, 1933 PA 167, MCL 205.56A, FEDERAL EXCISE TAX  
14 UNDER SECTION 4081 OF THE INTERNAL REVENUE CODE, 26 USC 4081, ANY  
15 OTHER FEDERAL TAX UPON MOTOR FUEL, OR AN ENVIRONMENTAL PROTECTION  
16 REGULATORY FEE IMPOSED UNDER SECTION 21508 OF THE NATURAL RESOURCES  
17 AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.21508.

18 (M) ~~(K)~~ "Wholesaler" means a person who acquires motor fuel  
19 from a supplier or from another wholesaler for subsequent sale and  
20 distribution at wholesale by a fuel transportation vehicle, rail  
21 car, or other motor vehicle.

22 Sec. 8. (1) ~~Subject~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS ACT**  
23 **AND SUBJECT** to the exemptions provided ~~for~~ in this act, tax is  
24 imposed on motor fuel imported into or sold, delivered, or used in  
25 this state at the following rates:

26 (a) ~~Except as otherwise provided in subdivision (c),~~ **THROUGH**  
27 **[MARCH] 31, 2015, 19 cents per gallon on gasoline. [BEGINNING APRIL 1,**  
**2015, THE RATE PER GALLON ON GASOLINE SHALL BE A CENTS-PER-GALLON RATE**  
**THAT SHALL BE DETERMINED BY THE DEPARTMENT BY MULTIPLYING THE AVERAGE**  
**WHOLESALE GASOLINE PRICE BY 7.5%, ROUNDED UP TO THE NEAREST 1/10 OF 1**  
**CENT.] EXCEPT AS**

House Bill No. 5477 (H-4) as amended December 4, 2014

1 OTHERWISE PROVIDED IN THIS SUBSECTION, BEGINNING JANUARY 1, 2016,  
 2 AND JANUARY 1 OF EACH YEAR THEREAFTER, THE RATE PER GALLON ON  
 3 GASOLINE SHALL BE A CENTS-PER-GALLON RATE THAT SHALL BE DETERMINED  
 4 BY THE DEPARTMENT BY MULTIPLYING THE AVERAGE WHOLESALE GASOLINE  
 5 PRICE BY THE APPLICABLE PERCENTAGE, ROUNDED UP TO THE NEAREST 1/10  
 6 OF 1 CENT. IF THE RATE OF SALES TAX ON GASOLINE IS THE RATE  
 7 PRESCRIBED UNDER SECTION 2 OF THE GENERAL SALES TAX ACT, 1933 PA  
 8 167, MCL 205.52, AS PROVIDED IN SECTION 2B(2) OF THE GENERAL SALES  
 9 TAX ACT, 1933 PA 167, MCL 205.52B, THE RATE PER GALLON ON GASOLINE  
 10 SHALL BE DETERMINED BY THE DEPARTMENT BY MULTIPLYING THE AVERAGE  
 11 WHOLESALE GASOLINE PRICE BY 7.5%, ROUNDED UP TO THE NEAREST 1/10 OF  
 12 1 CENT.

13 ~~(b) Except as otherwise provided in subdivision (d), THROUGH~~  
 14 ~~[MARCH] 31, 2015, 15 cents per gallon on diesel fuel. [BEGINNING APRIL 1,~~  
~~2015, THE RATE PER GALLON ON DIESEL FUEL SHALL BE A CENTS-PER-GALLON RATE~~  
~~THAT SHALL BE DETERMINED BY THE DEPARTMENT BY MULTIPLYING THE AVERAGE~~  
~~WHOLESALE DIESEL FUEL PRICE BY 7.5%, ROUNDED UP TO THE NEAREST 1/10 OF 1~~  
~~CENT.] EXCEPT AS~~

15 OTHERWISE PROVIDED IN THIS SUBSECTION, BEGINNING JANUARY 1, 2016,  
 16 AND JANUARY 1 OF EACH YEAR THEREAFTER, THE RATE PER GALLON ON  
 17 DIESEL FUEL SHALL BE A CENTS-PER-GALLON RATE THAT SHALL BE  
 18 DETERMINED BY THE DEPARTMENT BY MULTIPLYING THE AVERAGE WHOLESALE  
 19 DIESEL FUEL PRICE BY THE APPLICABLE PERCENTAGE, ROUNDED UP TO THE  
 20 NEAREST 1/10 OF 1 CENT. IF THE RATE OF SALES TAX ON DIESEL FUEL IS  
 21 THE RATE PRESCRIBED UNDER SECTION 2 OF THE GENERAL SALES TAX ACT,  
 22 1933 PA 167, MCL 205.52, AS PROVIDED IN SECTION 2B(2) OF THE  
 23 GENERAL SALES TAX ACT, 1933 PA 167, MCL 205.52B, THE RATE PER  
 24 GALLON ON DIESEL FUEL SHALL BE DETERMINED BY THE DEPARTMENT BY  
 25 MULTIPLYING THE AVERAGE WHOLESALE DIESEL FUEL PRICE BY 7.5%,  
 26 ROUNDED UP TO THE NEAREST 1/10 OF 1 CENT.

27 ~~—— (c) Subject to subsections (10) and (11), 12 cents per gallon~~

~~on gasoline that is at least 70% ethanol. Under this subdivision, blenders of ethanol and gasoline outside of the bulk transfer terminal system shall obtain a blender's license and are subject to the blender reporting requirements under this act. A licensed supplier who blends ethanol and gasoline shall also obtain a blender's license.~~

~~—— (d) Subject to subsections (10) and (11), 12 cents per gallon on diesel fuel that contains at least 5% biodiesel. Under this subdivision, blenders of biodiesel and diesel fuel outside of the bulk transfer terminal system are required to obtain a blender's license and are subject to the blender reporting requirements under this act. A licensed supplier who blends biodiesel and diesel fuel shall also obtain a blender's license.~~

**(2) THE RATES DETERMINED UNDER SUBSECTION (1) (A) AND (B) SHALL NOT BE BELOW THE RATE FLOOR FOR ANY YEAR FOR WHICH THE RATES ARE IN EFFECT.**

**(3) BEGINNING ON JANUARY 1, 2016, IF THE AMOUNT OF REVENUE FROM THE TAX IMPOSED UNDER SUBSECTION (1) IS GREATER THAN THE BASE YEAR REVENUE, THE AMOUNT BY WHICH THE AMOUNT OF REVENUE FROM THE TAX IMPOSED UNDER SUBSECTION (1) EXCEEDS THE BASE YEAR REVENUE SHALL BE DEPOSITED IN THE MICHIGAN TRANSPORTATION FUND CREATED IN SECTION 10 OF 1951 PA 51, MCL 247.660, AND DISTRIBUTED AS PROVIDED IN SECTION 10(1) (J) OF 1951 PA 51, MCL 247.660.**

**(4) ~~(2)~~—Tax shall not be imposed under this section on motor fuel that is in the bulk transfer/terminal system.**

**(5) ~~(3)~~—The collection, payment, and remittance of the tax imposed by this section shall be accomplished in the manner and at**



1 the time provided for in this act.

2 (6) ~~(4)~~ Tax is also imposed at the rate described in  
3 subsection (1) on net gallons of motor fuel, including transmix,  
4 lost or unaccounted for, at each terminal in this state. The tax  
5 shall be measured annually and shall apply to the net gallons of  
6 motor fuel lost or unaccounted for that are in excess of 1/2 of 1%  
7 of all net gallons of fuel removed from the terminal across the  
8 rack or in bulk.

9 (7) ~~(5)~~ It is the intent of this act:

10 (a) To require persons who operate a motor vehicle on the  
11 public roads or highways of this state to pay for the privilege of  
12 using those roads or highways.

13 (b) To impose on suppliers a requirement to collect and remit  
14 the tax imposed by this act at the time of removal of motor fuel  
15 unless otherwise specifically provided in this act.

16 (c) To allow persons who pay the tax imposed by this act and  
17 who use the fuel for a nontaxable purpose to seek a refund or claim  
18 a deduction as provided in this act.

19 (d) That the tax imposed by this act be collected and paid at  
20 those times, in the manner, and by those persons specified in this  
21 act.

22 (8) ~~(6)~~ Bills of lading and invoices shall identify the  
23 blended product and the correct fuel product code. The motor fuel  
24 tax rate for each product shall be listed separately on each  
25 invoice. Licensees shall report the correct fuel product code for  
26 the blended product as required by the department. When fuel is  
27 blended below the terminal rack, new bills of lading and invoices

1 shall be generated and submitted to the department upon request.  
 2 All bills of lading and invoices shall meet the requirements  
 3 ~~provided under this act.~~

4 (9) ~~(7)~~ Notwithstanding any other provision of this act, all  
 5 ~~facilities~~ **A FACILITY** in this state that ~~produce~~ **PRODUCES** motor  
 6 fuel and ~~distribute~~ **DISTRIBUTES** the fuel from a rack for purposes  
 7 of this act ~~are~~ **IS** a terminal, and shall obtain a terminal operator  
 8 license, and shall comply with all terminal operator reporting  
 9 requirements under this act. ~~All~~ **A** position holders ~~HOLDER~~ in these  
 10 ~~facilities~~ **A FACILITY** shall be licensed as a supplier and shall  
 11 comply with all supplier requirements under this act.

12 ~~—— (8) If the tax on gasoline that contains at least 70% ethanol~~  
 13 ~~or diesel fuel that contains at least 5% biodiesel held in storage~~  
 14 ~~outside of the bulk transfer/terminal system on the effective date~~  
 15 ~~of the amendatory act that added this subsection has previously~~  
 16 ~~been paid at the rates imposed by subsection (1)(a) and (b), the~~  
 17 ~~person who paid the tax may claim a refund for the difference~~  
 18 ~~between the rates imposed by subsection (1)(a) and (b) and the~~  
 19 ~~rates imposed by subsection (1)(c) and (d). All of the following~~  
 20 ~~shall apply to a refund claimed under this subsection:~~

21 ~~—— (a) The refund shall be claimed on a form prescribed by the~~  
 22 ~~department.~~

23 ~~—— (b) The refund shall apply only to:~~

24 ~~—— (i) Previously taxed gasoline containing at least 70% ethanol~~  
 25 ~~or diesel fuel containing at least 5% biodiesel in excess of 3,000~~  
 26 ~~gallons held in storage by an end user.~~

27 ~~—— (ii) Previously taxed gasoline containing at least 70% ethanol~~

~~or diesel fuel containing at least 5% biodiesel held for sale that is in excess of dead storage.~~

~~—— (9) A refund request shall be filed within 60 days after the last day of the month in which the amendatory act that added this subsection took effect. A taxpayer shall provide documentation that the department requires in order to verify the request for refund. A person who may claim a refund under subsection (8) shall do all of the following to claim the refund:~~

~~—— (a) Not later than 12 a.m. on the effective date of the amendatory act that added this subsection, take an inventory of gasoline containing at least 70% ethanol or undyed diesel fuel containing at least 5% biodiesel.~~

~~—— (b) Deduct 3,000 gallons if the person claiming the refund is an end user.~~

~~—— (c) Deduct the number of gallons in dead storage if the gasoline containing at least 70% ethanol or the undyed diesel fuel containing at least 5% biodiesel is held for subsequent sale.~~

~~—— (10) Beginning on the effective date of the amendatory act that added this subsection, the state treasurer shall annually determine, for the 12-month period ending May 1 and for any additional times that the treasurer may determine, the difference between the amount of motor fuel tax collected and the amount of motor fuel tax that would have been collected but for the differential rates on gasoline pursuant to subsection (1)(c) and biodiesel pursuant to subsection (1)(d). Subsection (1)(c) and (d) is no longer effective the earlier of 10 years after the effective date of the amendatory act that added this subsection or the first~~

~~day of the first month that is not less than 90 days after the  
state treasurer certifies that the total cumulative rate  
differential from the effective date of this amendatory act is  
greater than \$2,500,000.00.~~

~~—— (11) The legislature shall annually appropriate to the  
Michigan transportation fund created in 1951 PA 51, MCL 247.651 to  
247.675, the amount determined as the rate differential certified  
by the state treasurer for the 12 month period ending on May 1 of  
the calendar year in which the fiscal year begins. Subsection  
(1)(c) and (d) shall not be effective beginning January of any  
fiscal year for which the appropriation required under this  
subsection has not been made by the first day of the fiscal year.~~

~~—— (12) As used in this section:~~

~~—— (a) "Biodiesel" means a fuel composed of mono alkyl esters of  
long chain fatty acids derived from vegetable oils or animal fats  
and, in accordance with standards specified by the American society  
for testing and materials, designated B100 and meeting the  
requirements of D-6751, as approved by the department of  
agriculture.~~

~~—— (b) "Ethanol" means denatured fuel ethanol that is suitable  
for use in a spark ignition engine when mixed with gasoline so long  
as the mixture meets the American society for testing and materials  
D-5798 specifications.~~

**(10) BEGINNING WITH THE RATE IN EFFECT ON JANUARY 1, 2016, AND  
JANUARY 1 OF EACH YEAR THEREAFTER, THE DEPARTMENT SHALL PUBLISH  
NOTICE OF THE TAX RATE UNDER THIS SECTION NOT LATER THAN 30 DAYS  
BEFORE THE EFFECTIVE DATE OF THE RATE.**

1           (11) A DETERMINATION BY THE DEPARTMENT OF THE AVERAGE  
2   WHOLESALE DIESEL FUEL PRICE, THE AVERAGE WHOLESALE GASOLINE PRICE,  
3   THE WHOLESALE DIESEL FUEL PRICE, THE WHOLESALE GASOLINE PRICE, OR  
4   THE TAX RATE UNDER THIS SECTION IS PRESUMED TO BE CORRECT AND SHALL  
5   NOT BE SET ASIDE UNLESS AN ADMINISTRATIVE TRIBUNAL OR A COURT OF  
6   COMPETENT JURISDICTION FINDS THE DEPARTMENT'S DETERMINATION TO BE  
7   CLEARLY ERRONEOUS.

8           Sec. 14. (1) The department may require a supplier required to  
9   remit tax under this act to remit the tax by an electronic funds  
10   transfer acceptable to the department. The remittance shall be made  
11   on or before the date the tax is due.

12          (2) In computing the tax, a supplier may deduct ~~1.5%~~ **1.0%** of  
13   the quantity of gasoline removed by the supplier to allow for the  
14   cost of remitting the tax. This deduction is not allowed for the  
15   quantity of gasoline removed by the supplier and sold tax-free. At  
16   the time of filing the report and paying the tax, the supplier  
17   shall submit satisfactory evidence to the department that the  
18   amount of tax represented by the deduction was paid or credited to  
19   the supplier or wholesaler who purchased the gasoline from the  
20   supplier or wholesaler. The amount of the deduction shall be paid  
21   or credited by each supplier or wholesaler to the purchaser at each  
22   subsequent sale to a wholesaler. When a wholesaler or supplier  
23   sells gasoline to a retailer, the wholesaler or supplier shall pay  
24   or credit to the retailer 1/3 of the deduction on quantities sold  
25   to that retailer.

26          Sec. 22. (1) The tax imposed on gasoline shall be in lieu of  
27   all other taxes imposed or to be imposed upon the sale or use of

1 gasoline by ~~the~~**THIS** state or any political subdivision of this  
 2 state except for the taxes imposed by the general sales tax act,  
 3 1933 PA 167, MCL 205.51 to 205.78, and the use tax act, 1937 PA 94,  
 4 MCL 205.91 to 205.111.

5 (2) The tax imposed on diesel fuel **AND ALTERNATIVE FUEL** shall  
 6 be imposed in lieu of all other taxes imposed or to be imposed upon  
 7 the sale or use of diesel fuel by ~~the~~**THIS** state or a political  
 8 subdivision of ~~the~~**THIS** state, except the taxes imposed by the  
 9 general sales tax act, 1933 PA 167, MCL 205.51 to 205.78, the use  
 10 tax act, 1937 PA 94, MCL 205.91 to 205.111, and the motor carrier  
 11 fuel tax act, 1980 PA 119, MCL 207.211 to 207.234. The exception  
 12 for taxes imposed by **THE GENERAL SALES TAX ACT**, 1933 PA 167, **MCL**  
 13 **205.51 TO 205.78**, and **THE USE TAX ACT**, 1937 PA 94, ~~shall~~**MCL 205.91**  
 14 **TO 205.111, DOES** not apply to diesel fuel used in passenger  
 15 vehicles of a capacity of 10 or more operated for hire under a  
 16 certificate issued by the state transportation department. **AS USED**  
 17 **IN THIS SUBSECTION, "ALTERNATIVE FUEL" MEANS THAT TERM AS DEFINED**  
 18 **IN SECTION 151.**

19 Sec. 40. (1) A person may seek a refund for tax paid under  
 20 this act on motor fuel **OR ALTERNATIVE FUEL** that is **1 OR MORE OF THE**  
 21 **FOLLOWING:**

22 (a) Accidentally contaminated by dye or another contaminant,  
 23 including but not limited to gasoline that is mixed with diesel  
 24 fuel, if the resulting product cannot be used to operate a motor  
 25 vehicle on the public roads or highways without violating this act  
 26 or other state or federal law.

27 (b) Accidentally lost or destroyed as a direct result of a

1 sudden and unexpected casualty loss.

2 (2) ~~This~~**THE** refund **DESCRIBED IN SUBSECTION (1)** does not apply  
3 if the person **SEEKING THE REFUND** has been reimbursed for the cost  
4 of the tax by **ANY PERSON, INCLUDING, BUT NOT LIMITED TO,** an  
5 insurance company, for the loss or contamination. **IF A PERSON**  
6 **SEEKING A REFUND UNDER THIS SECTION IS REIMBURSED FOR ANY AMOUNT,**  
7 **THAT PERSON SHALL DEMONSTRATE TO THE DEPARTMENT THAT THE AMOUNT**  
8 **REIMBURSED DOES NOT INCLUDE TAX PAID UNDER THIS ACT ON THE MOTOR**  
9 **FUEL OR ALTERNATIVE FUEL IN ORDER TO BE ELIGIBLE FOR THE REFUND.**

10 Sec. 53. (1) A person shall not engage in a business activity  
11 in this state where a license is required by this act unless the  
12 person is licensed under this act.

13 (2) A person required to be licensed under this act shall  
14 apply for a license on a form or in a format prescribed by the  
15 department.

16 (3) An application for a license under this act may contain  
17 any information the department may reasonably require to administer  
18 this act including the applicant's federal identification number.

19 (4) The following persons currently licensed on ~~the effective~~  
20 ~~date of this act~~**APRIL 1, 2001** are not required to obtain a new  
21 license under this act and shall be considered licensed under this  
22 act:

23 (a) A person licensed in this state as a supplier on ~~the~~  
24 ~~effective date of this act~~**APRIL 1, 2001** shall be considered  
25 licensed as a supplier under this act but only if the person is a  
26 terminal operator or a position holder in a terminal on ~~the~~  
27 ~~effective date of this act~~**APRIL 1, 2001.**

1 (b) A wholesale distributor who on ~~the effective date of this~~  
2 ~~act~~ **APRIL 1, 2001** possesses a valid exemption certificate issued  
3 under former section 12 of 1927 PA 150 shall be considered licensed  
4 as a fuel vendor under this act.

5 (c) A person licensed in this state as an exporter on ~~the~~  
6 ~~effective date of this act~~ **APRIL 1, 2001** shall be considered  
7 licensed as an exporter under this act.

8 (d) A person licensed in this state as a liquid fuel hauler on  
9 ~~the effective date of this act~~ **APRIL 1, 2001** shall be considered  
10 licensed as a transporter under this act.

11 (e) A person licensed in this state as a retail dealer of  
12 diesel motor fuel on ~~the effective date of this act~~ **APRIL 1, 2001**  
13 shall be considered licensed as a retail diesel dealer under this  
14 act.

15 (5) A person considered licensed under subsection (4) is  
16 subject to all of the provisions of this act except those requiring  
17 an application for a new license.

18 (6) Except as otherwise provided in this act, a person who is  
19 engaged in more than 1 business activity for which a license is  
20 required under this act shall be licensed for each business  
21 activity.

22 (7) A person who is licensed as a supplier is not required to  
23 obtain a separate license for any other business activity for which  
24 a license is required under this act except as a retail diesel  
25 dealer or **AS an LPC-ALTERNATIVE FUEL dealer OR ALTERNATIVE FUEL**  
26 **COMMERCIAL USER** under sections 151 to 155.

27 ~~—— (8) A person licensed in this state as an LPC dealer on the~~



~~effective date of this act shall be considered licensed as an LPG dealer under this act.~~

(8) ~~(9)~~—A person who negligently violates this section is subject to a civil penalty of \$1,000.00.

(9) ~~(10)~~—A person who knowingly violates or knowingly aids and abets another to violate this section is guilty of a felony.

Sec. 63. (1) If an application and the accompanying bond or cash deposit, if any, are approved, the department shall issue a license to the applicant.

(2) A licensee shall retain a copy of its license at each of its business locations unless the department waives this requirement.

(3) A licensee is not required to renew a license and a license is valid unless and until it is suspended, canceled, or revoked for cause by the department, or discontinued by the licensee. However, the department may require a licensee to update the information required under section 53 **OR 153**.

(4) The department shall maintain a list containing the name and address of each person licensed under this act. The department may post the list on the department's website. The department shall regularly update the list in order to reflect the current status of a licensee.

Sec. 122. (1) A person shall not operate or maintain a motor vehicle on the public roads or highways of this state with dyed diesel fuel in the vehicle's fuel supply tank.

(2) This section does not apply to dyed diesel fuel used in any of the following:

1 (a) A motor vehicle owned and operated or leased and operated  
2 by the federal or state government or a political subdivision of  
3 this state.

4 (b) A motor vehicle used exclusively by the American red  
5 cross.

6 (c) An implement of husbandry.

7 (d) A passenger vehicle that has a capacity of 10 or more and  
8 that operates over regularly traveled routes expressly provided for  
9 in 1 or more of the following that applies to the passenger  
10 vehicle:

11 (i) A certificate of authority issued by the state  
12 transportation department.

13 (ii) A municipal franchise.

14 (iii) A municipal license.

15 (iv) A municipal permit.

16 (v) A municipal agreement.

17 (vi) A municipal grant.

18 (3) An owner, operator, or driver of a vehicle who uses dyed  
19 diesel fuel on the public roads or highways of this state is  
20 subject to a civil penalty of ~~\$200.00~~ **\$1,000.00** for each of the  
21 first 2 violations within a 12 month period. For a third violation  
22 ~~within a 12 month period, and~~ **VIOLATION, AND A CIVIL PENALTY OF**  
23 **\$5,000.00** for each subsequent violation. ~~thereafter, the person is~~  
24 ~~subject to a civil penalty of \$5,000.00.~~ An owner, operator, or  
25 driver of a motor vehicle who knowingly violates the prohibition  
26 against the sale or use of dyed diesel fuel upon the public roads  
27 or highways of this state is subject to a civil penalty equal to

1 that imposed by section 6714 of the internal revenue code.

2 Sec. 151. As used in this section and sections 152 to 155:

3 (A) "ALTERNATIVE FUEL" MEANS A GAS, LIQUID, OR OTHER FUEL  
4 THAT, WITH OR WITHOUT ADJUSTMENT OR MANIPULATION SUCH AS ADJUSTMENT  
5 OR MANIPULATION OF PRESSURE OR TEMPERATURE, IS CAPABLE OF BEING  
6 USED FOR THE GENERATION OF POWER TO PROPEL A MOTOR VEHICLE,  
7 INCLUDING, BUT NOT LIMITED TO, NATURAL GAS, COMPRESSED NATURAL GAS,  
8 LIQUEFIED NATURAL GAS, LIQUEFIED PETROLEUM GAS, HYDROGEN, HYDROGEN  
9 COMPRESSED NATURAL GAS, OR HYTHANE. ALTERNATIVE FUEL DOES NOT  
10 INCLUDE MOTOR FUEL, ELECTRICITY, LEADED RACING FUEL, OR AN EXCLUDED  
11 LIQUID.

12 (B) "ALTERNATIVE FUEL COMMERCIAL USER" MEANS A COMMERCIAL OR  
13 OTHER BUSINESS ENTERPRISE OR ENTITY THAT IS A CONSUMER OR END USER  
14 OF ALTERNATIVE FUEL TO PROPEL A MOTOR VEHICLE ON THE PUBLIC ROADS  
15 AND HIGHWAYS OF THIS STATE. ALTERNATIVE FUEL COMMERCIAL USER DOES  
16 NOT INCLUDE A PERSON LICENSED AS AN ALTERNATIVE FUEL DEALER UNDER  
17 SECTION 153.

18 (C) "ALTERNATIVE FUEL DEALER" MEANS A PERSON THAT IS LICENSED  
19 UNDER SECTION 153 TO USE ALTERNATIVE FUEL AND IS IN THE BUSINESS OF  
20 SELLING AT RETAIL ALTERNATIVE FUEL THAT IS TO BE USED TO PROPEL A  
21 MOTOR VEHICLE.

22 (D) "ALTERNATIVE FUEL FILLING STATION" MEANS A MACHINE OR  
23 OTHER DEVICE LOCATED WITHIN THIS STATE THAT IS SUPPLIED WITH  
24 ALTERNATIVE FUEL AND THAT IS DESIGNED OR USED FOR PLACING OR  
25 DELIVERING ALTERNATIVE FUEL INTO THE FUEL SUPPLY TANK OF A MOTOR  
26 VEHICLE. AS USED IN THIS SUBDIVISION, "LOCATED WITHIN THIS STATE"  
27 INCLUDES, BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING LOCATIONS:

1 (i) AN ALTERNATIVE FUEL DEALER'S PLACE OF BUSINESS.

2 (ii) A COMMERCIAL OR INDUSTRIAL ESTABLISHMENT OR FACILITY.

3 (iii) A RESIDENCE OR RESIDENTIAL PROPERTY.

4 (iv) A LANDFILL LICENSED OR REQUIRED TO BE LICENSED UNDER PART  
5 115 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994  
6 PA 451, MCL 324.11501 TO 324.11554.

7 (E) "BRITISH THERMAL UNIT" OR "BTU" MEANS THE AMOUNT OF HEAT  
8 REQUIRED TO RAISE THE TEMPERATURE OF 1 POUND OF WATER 1 DEGREE  
9 FAHRENHEIT.

10 (F) "COMPRESSED NATURAL GAS" MEANS A MIXTURE OF HYDROCARBON  
11 GASES AND VAPORS THAT CONSISTS PRIMARILY OF METHANE IN GASEOUS FORM  
12 THAT HAS BEEN COMPRESSED FOR USE AS A FUEL TO PROPEL A MOTOR  
13 VEHICLE.

14 (G) "DIESEL BASE RATE" MEANS THE RATE PER GALLON ON DIESEL  
15 FUEL IN EFFECT FOR THE APPLICABLE PERIOD UNDER SECTION 8(1).

16 (H) "DIESEL GALLON EQUIVALENT" MEANS 6.060 POUNDS OF LIQUEFIED  
17 NATURAL GAS OR ITS METRIC EQUIVALENT.

18 (I) "GASOLINE BASE RATE" MEANS THE RATE PER GALLON ON GASOLINE  
19 IN EFFECT FOR THE APPLICABLE PERIOD UNDER SECTION 8(1).

20 (J) "GASOLINE GALLON EQUIVALENT" MEANS 1 OF THE FOLLOWING OR  
21 ITS METRIC EQUIVALENT:

22 (i) FOR COMPRESSED NATURAL GAS, 5.660 POUNDS OR 126.67 CUBIC  
23 FEET MEASURED AT A BASE TEMPERATURE OF 60 DEGREES FAHRENHEIT AND A  
24 PRESSURE OF 14.7 POUNDS PER SQUARE INCH ABSOLUTE.

25 (ii) FOR HYDROGEN, THE VOLUME OR WEIGHT THAT IS EQUAL TO  
26 114,100 BTUS. FOR PURPOSES OF THIS SUBDIVISION, THERE ARE 27,000  
27 BTUS PER 100 STANDARD CUBIC FEET, AND 425.93 STANDARD CUBIC FEET

1 PER GASOLINE GALLON EQUIVALENT.

2 (iii) FOR HYDROGEN COMPRESSED NATURAL GAS, THE VOLUME OR WEIGHT  
3 THAT IS EQUAL TO 114,100 BTUS. FOR PURPOSES OF THIS SUBDIVISION,  
4 THERE ARE 79,800 BTUS PER 100 STANDARD CUBIC FEET, AND 144.11  
5 STANDARD CUBIC FEET PER GASOLINE GALLON EQUIVALENT.

6 (K) "LIQUEFIED NATURAL GAS" MEANS METHANE OR NATURAL GAS IN  
7 THE FORM OF A CRYOGENIC OR REFRIGERATED LIQUID THAT IS SUITABLE FOR  
8 USE OR USED AS FUEL TO PROPEL A MOTOR VEHICLE.

9 (I) ~~(a)~~ "Liquefied petroleum gas" means gases derived from  
10 petroleum or natural gases ~~which~~ **THAT** are in the gaseous state at  
11 normal atmospheric temperature and pressure, but ~~which~~ **THAT** may be  
12 maintained in the liquid state at normal atmospheric temperature by  
13 suitable pressure. Liquefied petroleum gas includes ~~these~~ products  
14 predominately composed of propane, propylene, butylene, butane, and  
15 similar products. **LIQUEFIED PETROLEUM GAS DOES NOT INCLUDE**  
16 **COMPRESSED NATURAL GAS, LIQUEFIED NATURAL GAS, HYDROGEN, OR**  
17 **HYTHANE.**

18 ~~—— (b) "LPG dealer" means a person who is licensed under this~~  
19 ~~chapter to use liquefied petroleum gas.~~

20 (M) ~~(e)~~ "Use", "used", or "uses" means any of the following:

21 (i) Selling or delivering ~~liquefied petroleum gas~~ **ALTERNATIVE**  
22 **FUEL** not otherwise subject to tax under this act, either by placing  
23 it into a permanently attached fuel supply tank of a motor vehicle,  
24 or exchanging or replacing of the fuel supply tank of a motor  
25 vehicle.

26 (ii) Delivery of ~~liquefied petroleum gas~~ **ALTERNATIVE FUEL** into  
27 storage, devoted exclusively to the storage of ~~liquefied petroleum~~

1 ~~gas~~ **ALTERNATIVE FUEL** to be consumed in motor vehicles on the public  
2 roads or highways **OF THIS STATE**.

3 (iii) Withdrawing ~~liquefied petroleum gas~~ **ALTERNATIVE FUEL** from  
4 the cargo tank of a truck, trailer or semi-trailer for the  
5 operation of a motor vehicle upon the public roads and highways of  
6 this state, whether used in vapor or liquid form.

7 (iv) **PLACING OR DELIVERING ALTERNATIVE FUEL INTO THE FUEL**  
8 **SUPPLY TANK OF A MOTOR VEHICLE BY OR THROUGH THE OPERATION OF AN**  
9 **ALTERNATIVE FUEL FILLING STATION OR BY ANY OTHER MEANS NOT**  
10 **INVOLVING THE DELIVERY, RECEIPT, OR PURCHASE OF ALTERNATIVE FUEL**  
11 **FROM AN ALTERNATIVE FUEL DEALER OR ANY OTHER MEANS NOT OTHERWISE**  
12 **DESCRIBED IN SUBPARAGRAPHS (i) TO (iii).**

13 Sec. 152. (1) ~~A~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2)**  
14 **AND SECTION 154, A** tax at ~~a~~ **THE** rate ~~of 15 cents per~~ gallon **EQUAL**  
15 **TO THE DIESEL BASE RATE** is imposed upon all ~~liquefied petroleum gas~~  
16 **ALTERNATIVE FUEL** used in this state. The tax shall be paid at the  
17 times and in the manner specified in this section **OR SECTION 154 OR**  
18 **155, AS APPLICABLE**. The tax on ~~liquefied petroleum gas~~ **ALTERNATIVE**  
19 fuel sold or delivered either by placing **IT** into a permanently  
20 attached fuel supply tank on a motor vehicle, or **BY** exchanging or  
21 replacing the fuel supply tank of a motor vehicle, shall be  
22 collected by the ~~LPG~~ **ALTERNATIVE FUEL** dealer from the purchaser,  
23 **CONSUMER, OR END USER** and paid over ~~quarterly~~ **MONTHLY** to the  
24 department as provided in this act. ~~Liquefied petroleum gas~~  
25 **ALTERNATIVE** fuel delivered in this state into the storage facility  
26 of any person when the exclusive purpose of the storage facility is  
27 for resale or use in a motor vehicle on the public roads or

1 highways of this state, shall, upon delivery to storage facility,  
 2 be subject to tax. An ~~LPG~~**-ALTERNATIVE FUEL** dealer shall, upon  
 3 delivery of the ~~liquefied petroleum gas~~,**-ALTERNATIVE FUEL**, collect  
 4 and remit the tax to the department as provided in this act. A  
 5 person shall not operate a motor vehicle on the public roads or  
 6 highways of this state from the cargo containers of a truck,  
 7 trailer, or semitrailer with ~~liquefied petroleum gas~~**-ALTERNATIVE**  
 8 **FUEL** in vapor or liquid form, **AS APPLICABLE**, except when the  
 9 **ALTERNATIVE** fuel in the liquid or vapor phase is withdrawn from the  
 10 cargo container for use in motor vehicles through a permanently  
 11 installed and approved metering device. The tax on ~~liquefied~~  
 12 ~~petroleum gas~~**-ALTERNATIVE FUEL** withdrawn from a cargo container  
 13 through a permanently installed and approved metering device shall  
 14 apply in accordance with measured gallons **OR GALLON EQUIVALENTS, IF**  
 15 **APPLICABLE**, as reflected by meter reading, and shall be paid  
 16 ~~quarterly~~**-MONTHLY** by the ~~LPG~~**-ALTERNATIVE FUEL** dealer to the  
 17 department as provided in this act.

18 (2) THE RATE OF TAX ON THE FOLLOWING ALTERNATIVE FUELS SHALL  
 19 BE AS FOLLOWS:

20 (A) FOR LIQUEFIED NATURAL GAS, THE DIESEL BASE RATE PER DIESEL  
 21 GALLON EQUIVALENT OR FRACTIONAL PART THEREOF ROUNDED TO THE NEAREST  
 22 1/10 OF 1 GALLON.

23 (B) FOR COMPRESSED NATURAL GAS, HYDROGEN, OR HYDROGEN  
 24 COMPRESSED NATURAL GAS, THE GASOLINE BASE RATE PER GASOLINE GALLON  
 25 EQUIVALENT OR FRACTIONAL PART THEREOF ROUNDED TO THE NEAREST 1/10  
 26 OF 1 GALLON.

27 Sec. 153. (1) A person shall not act as an ~~LPG~~**-ALTERNATIVE**

1 **FUEL dealer OR AN ALTERNATIVE FUEL COMMERCIAL USER** unless the  
 2 person is licensed under this act.

3 (2) To obtain a license **AS AN ALTERNATIVE FUEL DEALER OR AN**  
 4 **ALTERNATIVE FUEL COMMERCIAL USER**, an applicant shall file with the  
 5 department an application upon a form or in a format prescribed by  
 6 the department. The application shall include the name and address  
 7 of the applicant and of each place of business to be operated by  
 8 the applicant at which ~~liquefied petroleum gas~~ **ALTERNATIVE FUEL**  
 9 will be used and other information the department may reasonably  
 10 require.

11 (3) At the time of applying for the license, an applicant **FOR**  
 12 **AN ALTERNATIVE FUEL DEALER LICENSE** shall pay to the department a  
 13 license fee of ~~\$50.00-~~**\$500.00**.

14 (4) **AT THE TIME OF APPLYING FOR THE LICENSE, AN APPLICANT FOR**  
 15 **AN ALTERNATIVE FUEL COMMERCIAL USER LICENSE SHALL PAY TO THE**  
 16 **DEPARTMENT A LICENSE FEE OF \$50.00.**

17 (5) ~~(4)-~~An applicant for an ~~LPG dealer~~ **A license OR A LICENSEE**  
 18 **UNDER THIS SECTION** is subject to the general licensing and bonding  
 19 requirements of this act.

20 ~~——(5) A person licensed in this state as an LPG dealer on the~~  
 21 ~~effective date of this act shall be considered licensed as an LPG~~  
 22 ~~dealer under this act.~~

23 Sec. 154. (1) For the purpose of determining the amount of tax  
 24 payable to the department, an ~~LPG~~ **ALTERNATIVE FUEL** dealer shall, on  
 25 or before the twentieth day of each ~~calendar month, following the~~  
 26 ~~close of the reporting calendar quarter,~~ file with the department  
 27 on a form or in a format prescribed by the department a report



1 ~~which shall include~~ **THAT INCLUDES** the number of gallons **OR GALLON**  
2 **EQUIVALENTS, IF APPLICABLE,** of ~~liquefied petroleum gas~~ **ALTERNATIVE**  
3 **FUEL** used by the ~~LPG~~ **ALTERNATIVE FUEL** dealer during the preceding  
4 ~~calendar quarter,~~ **MONTH,** together with any other information the  
5 department may require. An ~~LPG~~ **ALTERNATIVE FUEL** dealer ~~at the time~~  
6 ~~of filing the report~~ shall pay to the department at the time of  
7 filing the report the full amount of the tax owed.

8       (2) BEGINNING ON JULY 1, 2015, FOR THE PURPOSE OF DETERMINING  
9 THE AMOUNT OF TAX OWED TO THE DEPARTMENT, AN ALTERNATIVE FUEL  
10 COMMERCIAL USER THAT USES ALTERNATIVE FUEL AS DESCRIBED IN SECTION  
11 151(M) UPON WHICH THE TAX IMPOSED UNDER SECTION 152 HAS NOT BEEN  
12 COLLECTED BY OR PAID TO AN ALTERNATIVE FUEL DEALER OR PUBLIC  
13 UTILITY SHALL, ON OR BEFORE THE TWENTIETH DAY OF EACH MONTH, FILE  
14 WITH THE DEPARTMENT A REPORT THAT INCLUDES THE NUMBER OF GALLONS OR  
15 GALLON EQUIVALENTS, IF APPLICABLE, OF THE ALTERNATIVE FUEL  
16 DESCRIBED IN THIS SUBSECTION THAT WAS USED OR CONSUMED BY THE  
17 ALTERNATIVE FUEL COMMERCIAL USER DURING THE PRECEDING MONTH,  
18 TOGETHER WITH ANY OTHER INFORMATION THE DEPARTMENT REQUIRES. AN  
19 ALTERNATIVE FUEL COMMERCIAL USER SHALL PAY THE FULL AMOUNT OF THE  
20 TAX DUE TO THE DEPARTMENT AT THE TIME OF FILING THE REQUIRED  
21 REPORT.

22       (3) BEGINNING ON JANUARY 1, 2016, FOR THE PURPOSE OF  
23 DETERMINING THE AMOUNT OF TAX OWED TO THE DEPARTMENT, A PERSON THAT  
24 IS NOT AN ALTERNATIVE FUEL DEALER OR AN ALTERNATIVE FUEL COMMERCIAL  
25 USER SHALL PAY THE TAX IMPOSED UNDER SECTION 152 ON ALTERNATIVE  
26 FUEL FOR WHICH THE TAX HAS NOT BEEN COLLECTED BY OR PAID TO AN  
27 ALTERNATIVE FUEL DEALER OR A PUBLIC UTILITY, AND SHALL FILE WITH

1 THE DEPARTMENT A FORM THAT INDICATES THE NUMBER OF GALLONS OR  
2 GALLON EQUIVALENTS, IF APPLICABLE, USED OR CONSUMED BY THAT PERSON  
3 DURING THE PRECEDING QUARTER. A PERSON DESCRIBED IN THIS SUBSECTION  
4 SHALL PAY TO THE DEPARTMENT THE FULL AMOUNT OF THE TAX DUE AT THE  
5 TIME OF FILING THE REQUIRED FORM.

6 (4) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A PERSON  
7 THAT USES ALTERNATIVE FUEL FOR A TAXABLE PURPOSE AND DOES NOT PAY  
8 THE TAX IMPOSED UNDER THIS SECTION SHALL PAY TO THE DEPARTMENT THE  
9 TAX IMPOSED UNDER SECTION 152, ALONG WITH ANY APPLICABLE PENALTIES  
10 OR INTEREST.

11 Sec. 155. ~~(1) Each of the following persons is entitled to a~~  
12 ~~refund of the tax on liquefied petroleum gas imposed by this act:~~

13 (1) ~~(a) A person consuming liquefied petroleum gas~~ **ALTERNATIVE**  
14 **FUEL** for any purpose other than ~~the operation of~~ **TO PROPEL** a motor  
15 vehicle on the public roads or highways of this state **MAY SEEK A**  
16 **REFUND OF THE TAX ON ALTERNATIVE FUEL IMPOSED BY THIS ACT, IF THAT**  
17 **PERSON HAS ALREADY PAID THE TAX IMPOSED UNDER SECTION 152 ON THAT**  
18 **ALTERNATIVE FUEL.**

19 ~~— (b) The federal government, state government, or a political~~  
20 ~~subdivision of this state consuming liquefied petroleum gas in a~~  
21 ~~motor vehicle owned and operated or leased and operated by the~~  
22 ~~federal government, state government, or political subdivision of~~  
23 ~~this state.~~

24 ~~— (c) A person consuming liquefied petroleum gas in the~~  
25 ~~operation of a passenger vehicle of a capacity of 5 or more under a~~  
26 ~~municipal franchise, license, permit, agreement, or grant, upon~~  
27 ~~which gas the tax imposed by this section has been paid.~~

1           (2) To obtain a refund **UNDER THIS SECTION**, a person shall file  
2 a claim with the department within 18 months after the date of  
3 purchase, as shown on the invoice and shall comply with the  
4 requirements set forth in section 48.

5           (3) A claim for refund **UNDER THIS SECTION** shall be on a form  
6 or in a format prescribed by the department and shall have attached  
7 the original invoice that was provided to the purchaser.

8           (4) **AN ALTERNATIVE FUEL IS EXEMPT FROM THE TAX IMPOSED BY THIS**  
9 **ACT AND THE TAX IMPOSED BY THIS ACT SHALL NOT BE COLLECTED BY AN**  
10 **ALTERNATIVE FUEL DEALER IF 1 OF THE FOLLOWING APPLIES:**

11           (A) **THE ALTERNATIVE FUEL IS SOLD DIRECTLY BY AN ALTERNATIVE**  
12 **FUEL DEALER TO THE FEDERAL GOVERNMENT, THE STATE GOVERNMENT, OR A**  
13 **POLITICAL SUBDIVISION OF THIS STATE FOR USE IN A MOTOR VEHICLE**  
14 **OWNED AND OPERATED OR LEASED AND OPERATED BY THE FEDERAL**  
15 **GOVERNMENT, STATE GOVERNMENT, OR POLITICAL SUBDIVISION OF THIS**  
16 **STATE.**

17           (B) **THE ALTERNATIVE FUEL IS SOLD DIRECTLY BY AN ALTERNATIVE**  
18 **FUEL DEALER TO A NONPROFIT, PRIVATE, PAROCHIAL, OR DENOMINATIONAL**  
19 **SCHOOL, COLLEGE, OR UNIVERSITY AND IS USED IN A SCHOOL BUS OWNED**  
20 **AND OPERATED OR LEASED AND OPERATED BY THE EDUCATIONAL INSTITUTION**  
21 **THAT IS USED IN THE TRANSPORTATION OF STUDENTS TO AND FROM THE**  
22 **INSTITUTION OR TO AND FROM SCHOOL FUNCTIONS AUTHORIZED BY THE**  
23 **ADMINISTRATION OF THE INSTITUTION.**

24           (C) **THE ALTERNATIVE FUEL IS IMPORTED INTO THIS STATE IN THE**  
25 **FUEL SUPPLY TANK OF A MOTOR VEHICLE USED SOLELY FOR NONCOMMERCIAL**  
26 **PURPOSES, IF THE AGGREGATE CAPACITY OF THE MOTOR VEHICLE'S FUEL**  
27 **SUPPLY TANK DOES NOT EXCEED 30 GALLONS OR THE EQUIVALENT OF 30**

House Bill No. 5477 (H-4) as amended December 4, 2014  
1 GALLONS.

2 (5) ~~(4)~~ A person ~~who~~ **THAT** sells ~~liquefied petroleum gas~~  
3 **ALTERNATIVE FUEL** shall provide the purchaser with an invoice **OR**  
4 **RECEIPT** showing the amount **EXPRESSED IN GALLONS OR GALLON**  
5 **EQUIVALENTS, AS APPLICABLE,** of ~~gas~~ **ALTERNATIVE FUEL** purchased, the  
6 date of purchase, and the amount of tax paid.

7 (6) **AN ALTERNATIVE FUEL DEALER THAT SELLS ALTERNATIVE FUEL AT**  
8 **RETAIL SHALL CLEARLY LIST IN PLAIN VIEW OF THE CUSTOMER THE PRICE**  
9 **OF THE ALTERNATIVE FUEL IN DIESEL GALLON EQUIVALENTS OR GASOLINE**  
10 **GALLON EQUIVALENTS, AS APPLICABLE, ON THE ALTERNATIVE FUEL FILLING**  
11 **STATION AND ANY OTHER MARKINGS OR INFORMATION REQUIRED BY LAW.**

12 (7) **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A PERSON**  
13 **THAT USES OR CONSUMES ALTERNATIVE FUEL FOR A TAXABLE PURPOSE AND**  
14 **DOES NOT PAY THE TAX IMPOSED UNDER SECTION 154 IS LIABLE FOR THE**  
15 **PAYMENT OF THAT TAX AND SHALL PAY TO THE DEPARTMENT THE TAX IMPOSED**  
16 **UNDER SECTION 152 AND ANY APPLICABLE PENALTIES OR INTEREST.**

17 Enacting section 1. This amendatory act takes effect April 1,  
18 2015.

19 Enacting section 2. This amendatory act does not take effect  
20 unless [\[all of the following bills of the 97th Legislature are enacted](#)  
21 [into law:](#)

- (a) [House Bill No. 4539.](#)
- (b) [House Bill No. 5460.\]](#)