

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 5477**

A bill to amend 2000 PA 403, entitled  
"Motor fuel tax act,"  
by amending sections 2, 3, 6, 8, 14, 122, and 152 (MCL 207.1002,  
207.1003, 207.1006, 207.1008, 207.1014, 207.1122, and 207.1152),  
sections 2 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:**

5       **(i) FOR THE YEAR BEGINNING JANUARY 1, 2015, 9.50%.**

6       **(ii) FOR THE YEAR BEGINNING JANUARY 1, 2016, 11.50%.**

7       **(iii) FOR THE YEAR BEGINNING JANUARY 1, 2017, 13.50%.**

1           (iv) FOR THE YEAR BEGINNING JANUARY 1, 2018 AND EACH CALENDAR  
2 YEAR THEREAFTER, 15.50%.

3           (C) "AVERAGE WHOLESALE PRICE" MEANS THE STATEWIDE AVERAGE  
4 WHOLESALE PRICE OF GASOLINE AS DETERMINED BY THE DEPARTMENT BASED  
5 UPON A 12-MONTH ROLLING AVERAGE OF THE WHOLESALE PRICE. FOR EACH  
6 RATE IN EFFECT FOR A PARTICULAR YEAR UNDER SECTION 8(1)(C), THE 12-  
7 MONTH ROLLING AVERAGE PERIOD ENDS ON THE LAST DAY OF THE MONTH THAT  
8 IS 3 MONTHS PRIOR TO THE DATE ON WHICH THE RATE DETERMINED UNDER  
9 SECTION 8(1)(C) BECOMES EFFECTIVE. IF THE 12-MONTH ROLLING AVERAGE  
10 OF THE WHOLESALE PRICE FOR THE PERIOD ENDING ON THE LAST DAY OF THE  
11 MONTH THAT IS 3 MONTHS PRIOR TO THE DATE ON WHICH THE RATE  
12 DETERMINED UNDER SECTION 8(1)(C) BECOMES EFFECTIVE EXCEEDS THE  
13 IMMEDIATELY PRECEDING YEAR'S AVERAGE WHOLESALE PRICE BY MORE THAN  
14 5%, THE AVERAGE WHOLESALE PRICE IS THE IMMEDIATELY PRECEDING YEAR'S  
15 AVERAGE WHOLESALE PRICE MULTIPLIED BY 1.05. IF THE 12-MONTH ROLLING  
16 AVERAGE OF THE WHOLESALE PRICE FOR THE PERIOD ENDING ON THE LAST  
17 DAY OF THE MONTH THAT IS 3 MONTHS PRIOR TO THE DATE ON WHICH THE  
18 RATE DETERMINED UNDER SECTION 8(1)(C) BECOMES EFFECTIVE IS MORE  
19 THAN 5% LESS THAN THE IMMEDIATELY PRECEDING YEAR'S AVERAGE  
20 WHOLESALE PRICE, THE AVERAGE WHOLESALE PRICE IS THE IMMEDIATELY  
21 PRECEDING YEAR'S AVERAGE WHOLESALE PRICE MULTIPLIED BY 0.95.

22           (D) ~~(b)~~ "Blendstock" means and includes any petroleum product  
23 component of motor fuel, such as naphtha, reformat, or toluene; or  
24 any oxygenate that can be blended for use in a motor fuel.

25           (E) ~~(e)~~ "Blended motor fuel" means a mixture of motor fuel and  
26 another liquid, other than a de minimis amount of a product  
27 including, but not limited to, carburetor detergent or oxidation

1 inhibitor, that can be used as motor fuel in a motor vehicle.

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

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

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

16 (I) ~~(g)~~—"Bulk plant" means a motor fuel storage and  
17 distribution facility that is not a terminal and from which motor  
18 fuel may be withdrawn by a tank wagon, a transport truck, or a  
19 marine vessel.

20 (J) ~~(h)~~—"Bulk transfer" means a transfer of motor fuel from 1  
21 location to another by pipeline tender or marine delivery within  
22 the bulk transfer/terminal system, including, but not limited to,  
23 all of the following transfers:

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

26 (ii) Pipeline movements of motor fuel from a refinery or  
27 terminal to a terminal.

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

(iv) Two-party exchanges between licensed suppliers.

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

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

(M) ~~(k)~~ "Commercial motor vehicle" means a motor vehicle licensed **AS A QUALIFIED COMMERCIAL MOTOR VEHICLE** under the motor carrier fuel tax act, 1980 PA 119, MCL 207.211 to 207.234, **OR A MOTOR VEHICLE LICENSED UNDER AN INTERNATIONAL FUEL TAX AGREEMENT UNDER SECTION 2A OF THE MOTOR CARRIER FUEL TAX ACT, 1980 PA 119, MCL 207.212A.**

(N) ~~(l)~~ "Dead storage" is the amount of motor fuel that cannot be pumped out of a motor fuel storage tank because the motor fuel

1 is below the mouth of the tank's draw pipe. The amount of motor  
2 fuel in dead storage is 200 gallons for a tank with a capacity of  
3 less than 10,000 gallons and 400 gallons for a tank with a capacity  
4 of 10,000 gallons or more.

5 (O) ~~(m)~~ "Denaturants" means ~~and includes~~ gasoline, natural  
6 gasoline, gasoline components, or toxic or noxious materials added  
7 to fuel grade ethanol to make it unsuitable for beverage use but  
8 not unsuitable for automotive use.

9 (P) ~~(n)~~ "Department" means the ~~bureau of revenue within the~~  
10 department of treasury or its designee.

11 (Q) ~~(e)~~ "Destination state" means ~~the~~ A state, Canadian  
12 province or territory, or foreign country to which motor fuel is  
13 directed for export.

14 (R) ~~(p)~~ "Diesel fuel" means any liquid other than gasoline  
15 that is capable of use as a fuel or a component of a fuel in a  
16 motor vehicle that is propelled by a diesel-powered engine or in a  
17 diesel-powered train. Diesel fuel includes number 1 and number 2  
18 fuel oils, kerosene, dyed diesel fuel, and mineral spirits. Diesel  
19 fuel also includes any blendstock or additive that is sold for  
20 blending with diesel fuel, any liquid prepared, advertised, offered  
21 for sale, sold for use as, or used in the generation of power for  
22 the propulsion of a diesel-powered engine, airplane, or marine  
23 vessel. An additive or blendstock is presumed to be sold for  
24 blending unless a certification is obtained for federal purposes  
25 that the substance is for a use other than blending for diesel  
26 fuel. Diesel fuel does not include an excluded liquid.

27 (S) ~~(q)~~ "Dyed diesel fuel" means diesel fuel that is dyed in

1 accordance with internal revenue service rules or pursuant to any  
 2 other internal revenue service requirements, including any  
 3 invisible marker requirements.

4 (T) ~~(r)~~ "Eligible purchaser" means a person who has been  
 5 authorized by the department under section 75 to make ~~the~~ **AN**  
 6 election under section 74.

7 (U) ~~(s)~~ "Excluded liquid" means that term as defined in 26  
 8 ~~C.F.R.~~ **CFR** 48.4081-1.

9 (V) ~~(t)~~ "Export" means to obtain motor fuel in this state for  
 10 sale or other distribution outside of this state. Motor fuel  
 11 delivered outside of this state by or for the seller constitutes an  
 12 export by the seller and motor fuel delivered outside of this state  
 13 by or for the purchaser constitutes an export by the purchaser.

14 (W) ~~(u)~~ "Exporter" means a person who exports motor fuel.

15 Sec. 3. As used in this act:

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

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

23 (c) "Fuel transportation vehicle" means a vehicle designed or  
 24 used to transport motor fuel on the public roads or highways. Fuel  
 25 transportation vehicle includes, but is not limited to, a transport  
 26 truck and a tank wagon. Fuel transportation vehicle does not  
 27 include a vehicle transporting a nurse tank or limited volume

1 auxiliary-mounted supply tank used for fueling an implement of  
2 husbandry.

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

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

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

1 unless the product obtained by the blending is entirely incapable  
2 of use as motor fuel. Gasoline also includes transmix. Gasoline  
3 does not include diesel fuel or leaded racing fuel. An additive or  
4 blendstock is presumed to be sold for blending unless a  
5 certification is obtained for federal purposes that the substance  
6 is for a use other than blending for gasoline.

7 (g) "Gross gallons" means the total measured product,  
8 exclusive of any temperature or pressure adjustments,  
9 considerations, or deductions, in gallons.

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

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

19 (I) ~~(j)~~ "Import" means to bring motor fuel into this state by  
20 motor vehicle, marine vessel, pipeline, or any other means.  
21 ~~However, import~~ **IMPORT** does not include bringing motor fuel into  
22 this state in the fuel supply tank of a motor vehicle if the motor  
23 fuel is used to power that motor vehicle. Motor fuel delivered into  
24 this state from outside of this state by or for the seller  
25 constitutes an import by the seller, and motor fuel delivered into  
26 this state from ~~out~~ **OUTSIDE** of this state by or for the purchaser  
27 constitutes an import by the purchaser.



1           (J) ~~(K)~~—"Importer" means a person who imports motor fuel into  
2 this state.

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

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

11           (M) ~~(N)~~—"Invoiced gallons" means the number of gallons  
12 actually billed on an invoice.

13           Sec. 6. As used in this act:

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

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

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

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

24           (i) Is registered as a qualified terminal by the internal  
25 revenue service.

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

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

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

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

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

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

14 (i) "Two-party exchange" means a transaction in which motor  
15 fuel is transferred from 1 licensed supplier or licensed permissive  
16 supplier to another licensed supplier or licensed permissive  
17 supplier where all of the following occur:

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

21 (ii) The exchange transaction is completed before removal  
22 across the rack from the terminal by the receiving licensed  
23 supplier or licensed permissive supplier.

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

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

(K) "WHOLESALE PRICE" MEANS THE PRICE PER GALLON OF UNLEADED REGULAR GASOLINE CHARGED BY A LICENSED SUPPLIER TO A PURCHASER AT THE TIME OF REMOVAL FROM A TERMINAL ACROSS THE RACK, AS DETERMINED BY THE DEPARTMENT. WHOLESALE PRICE DOES NOT INCLUDE THE TAX IMPOSED BY THIS ACT, PREPAID SALES TAX UNDER SECTION 6A OF THE GENERAL SALES TAX ACT, 1933 PA 167, MCL 205.56A, FEDERAL EXCISE TAX UNDER SECTION 4081 OF THE INTERNAL REVENUE CODE, 26 USC 4081, ANY OTHER FEDERAL TAX UPON MOTOR FUEL, OR AN ENVIRONMENTAL PROTECTION REGULATORY FEE IMPOSED UNDER SECTION 21508 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.21508.

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

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

(a) ~~Except as otherwise provided in subdivision (c),~~ **THROUGH DECEMBER 31, 2014,** 19 cents per gallon on gasoline.

(b) ~~Except as otherwise provided in subdivision (d),~~ **THROUGH DECEMBER 31, 2014,** 15 cents per gallon on diesel fuel.

~~— (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.~~

**(C) BEGINNING JANUARY 1, 2015, AND ANNUALLY THEREAFTER, A CENTS PER GALLON RATE ON MOTOR FUEL THAT SHALL BE DETERMINED BY THE DEPARTMENT BY MULTIPLYING THE AVERAGE WHOLESALE PRICE BY THE APPLICABLE PERCENTAGE, ROUNDED UP TO THE NEAREST 1/10 OF 1 CENT.**

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

(3) The collection, payment, and remittance of the tax imposed by this section shall be accomplished in the manner and at the time provided for in this act.

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

1 (5) It is the intent of this act:

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

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

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

11 (d) That the tax imposed by this act be collected and paid at  
12 those times, in the manner, and by those persons specified in this  
13 act.

14 (6) Bills of lading and invoices shall identify the blended  
15 product and the correct fuel product code. The motor fuel tax rate  
16 for each product shall be listed separately on each invoice.  
17 Licensees shall report the correct fuel product code for the  
18 blended product as required by the department. When fuel is blended  
19 below the terminal rack, new bills of lading and invoices shall be  
20 generated and submitted to the department upon request. All bills  
21 of lading and invoices shall meet the requirements ~~provided under~~  
22 this act.

23 (7) Notwithstanding any other provision of this act, ~~all~~  
24 ~~facilities~~ **A FACILITY** in this state that ~~produce~~ **PRODUCES** motor  
25 fuel and ~~distribute~~ **DISTRIBUTES** the fuel from a rack for purposes  
26 of this act ~~are~~ **IS** a terminal, ~~and~~ shall obtain a terminal operator  
27 license, and shall comply with all terminal operator reporting

1 requirements under this act. ~~All~~ **A** position holders ~~HOLDER~~ in these  
2 facilities **A FACILITY** shall be licensed as a supplier and shall  
3 comply with all supplier requirements under this act.

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

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

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

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

19 ~~—— (ii) Previously taxed gasoline containing at least 70% ethanol~~  
20 ~~or diesel fuel containing at least 5% biodiesel held for sale that~~  
21 ~~is in excess of dead storage.~~

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

~~1 (a) Not later than 12 a.m. on the effective date of the  
2 amendatory act that added this subsection, take an inventory of  
3 gasoline containing at least 70% ethanol or undyed diesel fuel  
4 containing at least 5% biodiesel.~~

~~5 (b) Deduct 3,000 gallons if the person claiming the refund is  
6 an end user.~~

~~7 (c) Deduct the number of gallons in dead storage if the  
8 gasoline containing at least 70% ethanol or the undyed diesel fuel  
9 containing at least 5% biodiesel is held for subsequent sale.~~

~~10 (10) Beginning on the effective date of the amendatory act  
11 that added this subsection, the state treasurer shall annually  
12 determine, for the 12-month period ending May 1 and for any  
13 additional times that the treasurer may determine, the difference  
14 between the amount of motor fuel tax collected and the amount of  
15 motor fuel tax that would have been collected but for the  
16 differential rates on gasoline pursuant to subsection (1)(c) and  
17 biodiesel pursuant to subsection (1)(d). Subsection (1)(c) and (d)  
18 is no longer effective the earlier of 10 years after the effective  
19 date of the amendatory act that added this subsection or the first  
20 day of the first month that is not less than 90 days after the  
21 state treasurer certifies that the total cumulative rate  
22 differential from the effective date of this amendatory act is  
23 greater than \$2,500,000.00.~~

~~24 (11) The legislature shall annually appropriate to the  
25 Michigan transportation fund created in 1951 PA 51, MCL 247.651 to  
26 247.675, the amount determined as the rate differential certified  
27 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.~~

**(8) BEGINNING JANUARY 1, 2015, AND ANNUALLY 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.**

**(9) A DETERMINATION BY THE DEPARTMENT OF THE AVERAGE WHOLESALE PRICE, THE WHOLESALE PRICE, OR THE TAX RATE UNDER THIS SECTION IS PRESUMED TO BE CORRECT AND SHALL NOT BE SET ASIDE UNLESS AN ADMINISTRATIVE TRIBUNAL OR A COURT OF COMPETENT JURISDICTION FINDS THE DEPARTMENT'S DETERMINATION TO BE CLEARLY ERRONEOUS.**

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



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

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:

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

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

(c) An implement of husbandry.

(d) A passenger vehicle that has a capacity of 10 or more and that operates over regularly traveled routes expressly provided for

1 in 1 or more of the following that applies to the passenger  
2 vehicle:

3 (i) A certificate of authority issued by the state  
4 transportation department.

5 (ii) A municipal franchise.

6 (iii) A municipal license.

7 (iv) A municipal permit.

8 (v) A municipal agreement.

9 (vi) A municipal grant.

10 (3) An owner, operator, or driver of a vehicle who uses dyed  
11 diesel fuel on the public roads or highways of this state is  
12 subject to a civil penalty of ~~\$200.00~~ **\$1,000.00** for each of the  
13 first ~~2 violations within a 12 month period. For a third violation~~  
14 ~~within a 12 month period, and~~ **VIOLATION, AND A CIVIL PENALTY OF**  
15 **\$5,000.00** for each subsequent violation. ~~thereafter, the person is~~  
16 ~~subject to a civil penalty of \$5,000.00.~~ An owner, operator, or  
17 driver of a motor vehicle who knowingly violates the prohibition  
18 against the sale or use of dyed diesel fuel upon the public roads  
19 or highways of this state is subject to a civil penalty equal to  
20 that imposed by section 6714 of the internal revenue code.

21 Sec. 152. (1) ~~A~~ **EXCEPT AS PROVIDED IN SUBSECTION (3), A** tax at  
22 a rate of 15 cents per gallon is imposed upon all liquefied  
23 petroleum gas used in this state. The tax shall be paid at the  
24 times and in the manner specified in this section. The tax on  
25 liquefied petroleum gas fuel sold or delivered either by placing  
26 into a permanently attached fuel supply tank on a motor vehicle, or  
27 exchanging or replacing the fuel supply tank of a motor vehicle,

1 shall be collected by the LPG dealer from the purchaser and paid  
2 ~~ever quarterly~~ to the department **QUARTERLY** as provided in this act.  
3 Liquefied petroleum gas fuel delivered in this state into the  
4 storage facility of any person when the exclusive purpose of the  
5 storage facility is for resale or use in a motor vehicle on the  
6 public roads or highways of this state, shall, upon delivery to  
7 storage facility, be subject to tax. An LPG dealer shall, upon  
8 delivery of the liquefied petroleum gas, collect and remit the tax  
9 to the department as provided in this act.

10 (2) A person shall not operate a motor vehicle on the public  
11 roads or highways of this state from the cargo containers of a  
12 truck, trailer, or semitrailer with liquefied petroleum gas in  
13 vapor or liquid form, except when the fuel in the liquid or vapor  
14 phase is withdrawn from the cargo container for use in motor  
15 vehicles through a permanently installed and approved metering  
16 device. The tax on liquefied petroleum gas withdrawn from a cargo  
17 container through a permanently installed and approved metering  
18 device shall ~~apply~~ **BE APPLIED** in accordance with measured gallons  
19 as reflected by meter reading, and shall be paid quarterly by the  
20 LPG dealer to the department as provided in this act.

21 (3) **BEGINNING JANUARY 1, 2015, AND ANNUALLY THEREAFTER, THE**  
22 **TAX DESCRIBED IN SUBSECTIONS (1) AND (2) SHALL BE IMPOSED AT A RATE**  
23 **EQUAL TO THE RATE PER GALLON FOR MOTOR FUEL IN EFFECT FOR THAT**  
24 **YEAR.**

25 Enacting section 1. This amendatory act takes effect January  
26 1, 2015.