SENATE SUBSTITUTE FOR

HOUSE BILL NO. 4615

A bill to amend 2000 PA 403, entitled

"Motor fuel tax act,"

by amending sections 2, 3, 8, 22, 40, 45, 53, 63, 122, 151, 152, 153, 154, and 155 (MCL 207.1002, 207.1003, 207.1008, 207.1022, 207.1040, 207.1045, 207.1053, 207.1063, 207.1122, 207.1151, 207.1152, 207.1153, 207.1154, and 207.1155), 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; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 2. As used in this act:

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

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

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

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

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

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

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plant" means a motor fuel storage and distribution facility that is not a terminal and from which motor fuel may be withdrawn by a tank wagon, a transport truck, or a marine vessel.

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

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

(*ii*) Pipeline movements of motor fuel from a refinery or 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.

(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.

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

(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.

(*l*) "CONSUMER PRICE INDEX" MEANS UNITED STATES CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS AS DEFINED AND REPORTED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS.

(M) ~~(*l*)~~ "Dead storage" is the amount of motor fuel that cannot be pumped out of a motor fuel storage tank because the motor fuel is below the mouth of the tank's draw pipe. The amount of motor fuel in dead storage is 200 gallons for a tank with a capacity of less than 10,000 gallons and 400 gallons for a tank with a capacity of 10,000 gallons or more.

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

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

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

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

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

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

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

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

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

Sec. 3. As used in this act:

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

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

(c) "Fuel transportation vehicle" means a vehicle designed or used to transport motor fuel on the public roads or highways. Fuel transportation vehicle includes, but is not limited to, a transport truck and a tank wagon. Fuel transportation vehicle does not include a vehicle transporting a nurse tank or limited volume auxiliary-mounted supply tank used for fueling an implement of husbandry.

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

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

(f) "Gasoline" means ~~and includes~~ gasoline, alcohol, gasohol, casing head or natural gasoline, benzol, benzine, naphtha, and any blendstock additive, or other product including methanol that is sold for blending with gasoline or for use on the road other than products typically sold in containers of less than 5 gallons. Gasoline also includes a liquid prepared, advertised, offered for sale, sold for use as, or used in the generation of power for the propulsion of a motor vehicle, airplane, or marine vessel, including a product obtained by blending together any 1 or more products of petroleum, with or without another product, and regardless of the original character of the petroleum products blended, if the product obtained by the blending is capable of use in the generation of power for the propulsion of a motor vehicle, airplane, or marine vessel. The blending of all of the above named products, regardless of their name or characteristics, shall conclusively be presumed to have been done to produce motor fuel, unless the product obtained by the blending is entirely incapable of use as motor fuel. Gasoline also includes transmix. Gasoline does not include diesel fuel or leaded racing fuel. An additive or blendstock is presumed to be sold for blending unless a certification is obtained for federal purposes that the substance is for a use other than blending for gasoline.

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

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

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

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

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

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

(*l*) "INFLATION RATE" MEANS THE ANNUAL PERCENTAGE CHANGE IN THE CONSUMER PRICE INDEX, AS DETERMINED BY THE DEPARTMENT, COMPARING THE 2 MOST RECENT OCTOBER 1 THROUGH SEPTEMBER 30 PERIODS THAT ARE IMMEDIATELY PRECEDING THE EFFECTIVE DATE OF THE RATE PRESCRIBED UNDER SECTION 8(1)(C), CONVERTED TO DECIMALS. IF THE ANNUAL PERCENTAGE CHANGE IS NEGATIVE, THEN THE INFLATION RATE IS ZERO.

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

(n) "Invoiced gallons" means the number of gallons actually billed on an invoice.

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), **AS FOLLOWS:**

(*i*) THROUGH SEPTEMBER 30, 2015, 19 cents per gallon on gasoline.

(*ii*) BEGINNING OCTOBER 1, 2015 AND THROUGH DECEMBER 31, 2015, 24 CENTS PER GALLON ON GASOLINE.

(*iii*) BEGINNING JANUARY 1, 2016 AND THROUGH DECEMBER 31, 2016, 29 CENTS PER GALLON ON GASOLINE.

(*iv*) BEGINNING JANUARY 1, 2017 AND THROUGH DECEMBER 31, 2032, 34 CENTS PER GALLON ON GASOLINE.

(*v*) BEGINNING JANUARY 1, 2033, ZERO CENTS PER GALLON ON GASOLINE.

~~(b) Except as otherwise provided in subdivision (d), 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.~~

(B) EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION (C), AS FOLLOWS:

(*i*) THROUGH SEPTEMBER 30, 2015, 15 CENTS PER GALLON ON DIESEL FUEL.

(*ii*) BEGINNING OCTOBER 1, 2015 AND THROUGH DECEMBER 31, 2015, 22 CENTS PER GALLON ON DIESEL FUEL.

(*iii*) BEGINNING JANUARY 1, 2016 AND THROUGH DECEMBER 31, 2016, 29 CENTS PER GALLON ON DIESEL FUEL.

(*iv*) BEGINNING JANUARY 1, 2017 AND THROUGH DECEMBER 31, 2032, 34 CENTS PER GALLON ON DIESEL FUEL.

(*v*) BEGINNING JANUARY 1, 2033, ZERO CENTS PER GALLON ON DIESEL FUEL.

(C) BEGINNING WITH THE RATE EFFECTIVE ON JANUARY 1, 2018 AND JANUARY 1 OF EACH YEAR THEREAFTER THROUGH DECEMBER 31, 2032, THE DEPARTMENT SHALL DETERMINE A CENTS-PER-GALLON RATE ON MOTOR FUEL THAT SHALL BE DERIVED BY MULTIPLYING THE CENTS PER GALLON RATE IN EFFECT DURING THE IMMEDIATELY PRECEDING CALENDAR YEAR BY 1 PLUS THE LESSER OF 0.05 OR THE INFLATION RATE AND ROUNDING UP THE PRODUCT TO THE NEAREST 1/10 OF A 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.

(5) It is the intent of this act:

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

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

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

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

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

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

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

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

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

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

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

~~(*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.~~

(8) BEGINNING WITH THE RATE IN EFFECT ON JANUARY 1, 2018 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.

(9) A DETERMINATION BY THE DEPARTMENT OF THE CONSUMER PRICE INDEX, THE INFLATION RATE, OR THE TAX RATE UNDER THIS SECTION IS PRESUMED 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.

(10) NO LATER THAN OCTOBER 1, 2015, THE STATE TRANSPORTATION DEPARTMENT SHALL FORM A SPECIAL INTERNAL TASK FORCE SPECIFICALLY NAMED THE 50 YEAR ROADS TASK FORCE. THE PURPOSE OF THE TASK FORCE SHALL BE TO CREATE A COMPREHENSIVE PUBLIC REPORT THAT INCLUDES ALL OF THE FOLLOWING:

(A) EVALUATES ROAD MATERIALS AND CONSTRUCTION METHODS THAT, WHEN IMPLEMENTED, COULD ALLOW THE STATE TRANSPORTATION DEPARTMENT TO BUILD HIGH-QUALITY ROADS IN THIS STATE THAT LAST LONGER THAN THOSE TYPICALLY CONSTRUCTED BY THE STATE TRANSPORTATION DEPARTMENT, WITH A GOAL OF ROADS LASTING AT LEAST 50 YEARS, HIGHER QUALITY ROADS, AND REDUCED MAINTENANCE COSTS.

(B) FOCUSES ON MATERIALS THAT MAY COST MORE IN INITIAL UPFRONT SPENDING BUT THAT STILL PRODUCE INCREASED LIFE-CYCLE CONSTRUCTION AND MAINTENANCE SAVINGS. THE STATE TRANSPORTATION DEPARTMENT SHALL STRIVE TO ACHIEVE A REDUCTION OF AT LEAST 50% IN ITS LONG-TERM CONSTRUCTION BUDGET AFTER ACCOUNTING FOR INFLATION AND COSTS ASSOCIATED WITH NEW LANE MILES.

(C) FOCUSES ON LONGER-TERM TIMEFRAMES THAT SEEK TO MAXIMIZE VALUE TO THE TAXPAYERS OF THIS STATE ON A TOTAL COST BASIS, REGARDLESS OF FUNDING OR FINANCING CONSIDERATIONS.

(D) PRESENTS WAYS IN WHICH THE STATE TRANSPORTATION DEPARTMENT COULD DEDICATE DEPARTMENTAL MONEY EQUAL TO A 5-CENT TAX INCREASE

EXCLUSIVELY TOWARD CONSTRUCTING LONGER LASTING MICHIGAN ROADS.

(11) NOT LATER THAN DECEMBER 1, 2015, THE STATE TRANSPORTATION DEPARTMENT SHALL FINALIZE AND MAKE PUBLIC THE REPORT DESCRIBED IN SUBSECTION (10). THE TASK FORCE SHALL PRESENT THAT REPORT AT A PUBLIC HEARING BEFORE A JOINT COMMITTEE HEARING OF THE STANDING COMMITTEES OF THE SENATE AND HOUSE OF REPRESENTATIVES WITH PRIMARY RESPONSIBILITY FOR TRANSPORTATION ISSUES CALLED BY THE CHAIRS.

(12) NOT LATER THAN JULY 1, 2016, THE TASK FORCE SHALL UPDATE THE REPORT DESCRIBED IN SUBSECTION (10) TO PROVIDE SUGGESTED LANGUAGE THAT COULD DEDICATE DEPARTMENTAL MONEY EQUAL TO A 5-CENT TAX INCREASE EXCLUSIVELY TOWARD THE SPECIFIC HIGHER QUALITY, LONGER LIFE CYCLE ROAD CONSTRUCTION, ALONG WITH SUGGESTED METRICS TO MEASURE THE EFFECTIVENESS OF ATTAINING GOALS ASSOCIATED WITH THE PURPOSE OF THE TASK FORCE.

Sec. 22. (1) The tax imposed on gasoline shall be in lieu of all other taxes imposed or to be imposed upon the sale or use of gasoline by ~~the~~ **THIS** state or any political subdivision of this state except for the taxes imposed by the general sales tax act, 1933 PA 167, MCL 205.51 to 205.78, and the use tax act, 1937 PA 94, MCL 205.91 to 205.111.

(2) The tax imposed on diesel fuel **AND ALTERNATIVE FUEL** shall be imposed in lieu of all other taxes imposed or to be imposed upon the sale or use of diesel fuel **OR ALTERNATIVE FUEL** by ~~the~~ **THIS** state or a political subdivision of ~~the~~ **THIS** state, except the taxes imposed by the general sales tax act, 1933 PA 167, MCL 205.51 to 205.78, the use tax act, 1937 PA 94, MCL 205.91 to 205.111, and the motor carrier fuel tax act, 1980 PA 119, MCL 207.211 to

207.234. The exception for taxes imposed by **THE GENERAL SALES TAX ACT,** 1933 PA 167**, MCL 205.51 TO 205.78,** and **THE USE TAX ACT,** 1937 PA 94**,** ~~shall~~ **MCL 205.91 TO 205.111, DOES** not apply to diesel fuel used in passenger vehicles of a capacity of 10 or more operated for hire under a certificate issued by the state transportation department. **AS USED IN THIS SUBSECTION, "ALTERNATIVE FUEL" MEANS THAT TERM AS DEFINED IN SECTION 151.**

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

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

(b) Accidentally lost or destroyed as a direct result of a sudden and unexpected casualty loss.

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

Sec. 45. (1) An end user operating a motor vehicle with a common fuel supply tank from which motor fuel **OR ALTERNATIVE FUEL** is used both to propel the vehicle and to operate attached equipment may seek a refund for tax paid under this act on ~~diesel~~ **MOTOR** fuel **OR ALTERNATIVE FUEL** consumed from that fuel supply tank in the amount of 15% of the tax paid.

(2) Notwithstanding subsection (1), an end user operating a motor vehicle with a common fuel supply tank from which ~~diesel~~ **MOTOR** fuel **OR ALTERNATIVE FUEL** is used both to propel the vehicle and to operate attached equipment may seek a refund for tax paid under this act on ~~diesel~~ **MOTOR** fuel **OR ALTERNATIVE FUEL** consumed from that fuel supply tank in an amount that is more than 15% of the tax paid if the operator provides evidence to the department that a refund or deduction of more than 15% is justified. The department shall determine the evidence that is necessary under this section to justify a refund of more than 15% of the tax paid.

(3) A refund provided under this section only applies to a motor vehicle that is used by the end user exclusively for business or other commercial purposes and does not apply to an automobile whether or not it is used by the end user for business or other commercial purposes.

(4) If the department determined before ~~the effective date of this section~~ **APRIL 1, 2001** that a class of motor vehicles with attached equipment was eligible for a motor fuel refund in an amount different than 15% of the tax paid, that percentage ~~shall apply~~ **APPLIES** to those motor vehicles on and after ~~the effective date of this section~~ **APRIL 1, 2001** unless, following notice and hearing, a later determination under subsection (2) is made.

(5) As used in this section: ~~, "attached equipment"~~

(A) "ALTERNATIVE FUEL" MEANS THAT TERM AS DEFINED IN SECTION 151.

(B) "ATTACHED EQUIPMENT" means equipment used by the end user in the regular course of his or her business that is powered by ~~diesel~~ **MOTOR** fuel **OR ALTERNATIVE FUEL** from the common fuel supply tank. Attached equipment includes, but is not limited to, certain pumping, spraying, seeding, spreading, shredding, lifting, winching, dumping, cleaning, mixing, processing, and refrigeration equipment. Attached equipment does not include a heater, air conditioner, radio, or any other equipment that is used in the cab of the motor vehicle and does not include any other equipment that the department reasonably determines does not meet this definition.

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

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

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

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

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

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

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

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

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

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

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

(7) A person who is licensed as a supplier is not required to obtain a separate license for any other business activity for which a license is required under this act except as a retail diesel

dealer or **AS** an ~~LPG~~ **ALTERNATIVE FUEL** dealer **OR ALTERNATIVE FUEL COMMERCIAL USER** under sections 151 to 155.

~~(8) A person licensed in this state as an LPG 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:

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

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

(*ii*) A municipal franchise.

(*iii*) A municipal license.

(*iv*) A municipal permit.

(*v*) A municipal agreement.

(*vi*) A municipal grant.

(3) An owner, operator, or driver of a vehicle who uses dyed diesel fuel on the public roads or highways of this state is subject to a civil penalty of ~~$200.00~~ **$1,000.00** for ~~each of~~ the first ~~2 violations within a 12-month period. For a third violation within a 12-month period, and~~ **VIOLATION, AND A CIVIL PENALTY OF $5,000.00** for each subsequent violation. ~~thereafter, the person is subject to a civil penalty of $5,000.00.~~ An owner, operator, or

driver of a motor vehicle who knowingly violates the prohibition against the sale or use of dyed diesel fuel upon the public roads or highways of this state is subject to a civil penalty equal to that imposed by section 6714 of the internal revenue code.

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

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

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

(C) "ALTERNATIVE FUEL DEALER" MEANS A PERSON THAT IS LICENSED OR REQUIRED TO BE LICENSED UNDER SECTION 153, THAT IS IN THE BUSINESS OF SELLING AT RETAIL ALTERNATIVE FUEL, AND THAT USES ALTERNATIVE FUEL AS DESCRIBED IN SUBDIVISION (J).

(D) "ALTERNATIVE FUEL FILLING STATION" MEANS A MACHINE OR OTHER DEVICE LOCATED WITHIN THIS STATE THAT IS SUPPLIED WITH ALTERNATIVE FUEL AND THAT IS DESIGNED OR USED FOR PLACING OR

DELIVERING ALTERNATIVE FUEL INTO THE FUEL SUPPLY TANK OF A MOTOR VEHICLE. AS USED IN THIS SUBDIVISION, "LOCATED WITHIN THIS STATE" INCLUDES, BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING LOCATIONS:

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

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

(*iii*) A RESIDENCE OR RESIDENTIAL PROPERTY.

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

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

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

(G) "GALLON EQUIVALENT" MEANS 1 OF THE FOLLOWING OR ITS METRIC EQUIVALENT:

(*i*) FOR COMPRESSED NATURAL GAS, 5.660 POUNDS OR 126.67 CUBIC FEET AT 60 DEGREES FAHRENHEIT AND 1 ATMOSPHERE OF PRESSURE.

(*ii*) FOR HYDROGEN, THE VOLUME OR WEIGHT THAT IS EQUAL TO 128,450 BTUS. FOR PURPOSES OF THIS SUBDIVISION, THERE ARE 27,000 BTUS PER 100 STANDARD CUBIC FEET, AND 480.11 STANDARD CUBIC FEET PER GALLON EQUIVALENT.

(*iii*) FOR HYDROGEN COMPRESSED NATURAL GAS, THE VOLUME OR WEIGHT THAT IS EQUAL TO 128,450 BTUS. FOR PURPOSES OF THIS SUBDIVISION, THERE ARE 79,800 BTUS PER 100 STANDARD CUBIC FEET, AND

162.44 STANDARD CUBIC FEET PER GALLON EQUIVALENT.

(*iv*) FOR LIQUEFIED NATURAL GAS, 6.060 POUNDS.

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

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

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

(J) ~~(c)~~ "Use", "used", or "uses" means any of the following:

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

(*ii*) Delivery of ~~liquefied petroleum gas~~ **ALTERNATIVE FUEL** into storage, devoted exclusively to the storage of ~~liquefied petroleum gas~~ **ALTERNATIVE FUEL** to be consumed in motor vehicles on the public roads or highways **OF THIS STATE**.

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

(*iv*) PLACING OR DELIVERING ALTERNATIVE FUEL INTO THE FUEL SUPPLY TANK OF A MOTOR VEHICLE BY OR THROUGH THE OPERATION OF AN ALTERNATIVE FUEL FILLING STATION, EXCHANGING OR REPLACING AN ALTERNATIVE FUEL SUPPLY TANK OF A MOTOR VEHICLE WITH ANOTHER ALTERNATIVE FUEL SUPPLY TANK OF A MOTOR VEHICLE FILLED WITH ALTERNATIVE FUEL, OR BY ANY OTHER MEANS NOT INVOLVING THE DELIVERY, RECEIPT, OR PURCHASE OF ALTERNATIVE FUEL FROM AN ALTERNATIVE FUEL DEALER OR ANY OTHER MEANS NOT OTHERWISE DESCRIBED IN SUBPARAGRAPHS (*i*) TO (*iii*).

Sec. 152. **(1)** ~~A~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION AND SECTIONS 154 AND 155, A** tax at ~~a~~ **THE** rate ~~of 15 cents~~ per gallon **EQUAL TO THE TAX ON MOTOR FUEL** is imposed upon all ~~liquefied petroleum gas~~ **ALTERNATIVE FUEL** used in this state. ~~The~~ **EXCEPT AS PROVIDED IN SECTION 154 OR 155, THE** tax shall be paid at the times and in the manner specified in this section. The tax on ~~liquefied petroleum gas~~ **ALTERNATIVE** fuel sold or delivered either by placing **IT** into a permanently attached fuel supply tank on a motor vehicle, or **BY** exchanging or replacing the fuel supply tank of a motor vehicle, shall be collected by the ~~LPG~~ **ALTERNATIVE FUEL** dealer from the purchaser**, CONSUMER, OR END USER** and paid over ~~quarterly~~ **MONTHLY** to the department as provided in this act. ~~Liquefied petroleum gas~~ **ALTERNATIVE** fuel delivered in this state into the storage facility of any person when the exclusive purpose of the storage facility is for resale or use in a motor vehicle on the public roads or highways of this state, shall, upon delivery to storage facility, be subject to tax. An ~~LPG~~ **ALTERNATIVE FUEL** dealer shall, upon delivery of the ~~liquefied petroleum gas,~~ **ALTERNATIVE FUEL,** collect and remit the tax to the department as provided in this act. A person shall not operate a motor vehicle on the public roads or highways of this state from the cargo containers of a truck, trailer, or semitrailer with ~~liquefied petroleum gas~~ **ALTERNATIVE FUEL** in vapor or liquid form, **AS APPLICABLE,** except when the **ALTERNATIVE** fuel in the liquid or vapor phase is withdrawn from the cargo container for use in motor vehicles through a permanently installed and approved metering device. The tax on ~~liquefied petroleum gas~~ **ALTERNATIVE FUEL** withdrawn from a cargo container through a permanently installed and approved metering device shall apply in accordance with measured gallons **OR GALLON EQUIVALENTS, IF APPLICABLE,** as reflected by meter reading, and shall be paid ~~quarterly~~ **MONTHLY** by the ~~LPG~~ **ALTERNATIVE FUEL** dealer to the department as provided in this act.

(2) THE RATE OF TAX ON THE FOLLOWING ALTERNATIVE FUELS SHALL BE EQUAL TO THE TAX ON MOTOR FUEL PER GALLON EQUIVALENT OR FRACTIONAL PART THEREOF ROUNDED TO THE NEAREST 1/10 OF 1 GALLON:

(A) COMPRESSED NATURAL GAS.

(B) HYDROGEN.

(C) HYDROGEN COMPRESSED NATURAL GAS.

(D) LIQUEFIED NATURAL GAS.

(3) THE TAX IMPOSED UNDER THIS SECTION DOES NOT APPLY TO AN ALTERNATIVE FUEL COMMERCIAL USER DESCRIBED IN SECTION 154(2) UNTIL JANUARY 1, 2016.

(4) THE TAX IMPOSED UNDER THIS SECTION DOES NOT APPLY TO A PERSON DESCRIBED IN SECTION 154(3) UNTIL JANUARY 1, 2017.

Sec. 153. (1) A person shall not act as an ~~LPG~~ **ALTERNATIVE FUEL** dealer **OR AN ALTERNATIVE FUEL COMMERCIAL USER** unless the person is licensed under this act.

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

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

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

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

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

Sec. 154. **(1)** For the purpose of determining the amount of tax payable to the department, an ~~LPG~~ **ALTERNATIVE FUEL** dealer shall, on or before the twentieth day of each ~~calendar~~ month, ~~following the close of the reporting calendar quarter,~~ file with the department on a form or in a format prescribed by the department a report ~~which shall include~~ **THAT INCLUDES** the number of gallons **OR GALLON EQUIVALENTS, IF APPLICABLE,** of ~~liquefied petroleum gas~~ **ALTERNATIVE FUEL** used by the ~~LPG~~ **ALTERNATIVE FUEL** dealer during the preceding calendar ~~quarter,~~ **MONTH,** together with any other information the department may require. An ~~LPG~~ **ALTERNATIVE FUEL** dealer ~~at the time of filing the report~~ shall pay to the department at the time of filing the report the full amount of the tax owed.

(2) BEGINNING ON JANUARY 1, 2016, FOR THE PURPOSE OF DETERMINING THE AMOUNT OF TAX OWED TO THE DEPARTMENT, AN ALTERNATIVE FUEL COMMERCIAL USER THAT USES ALTERNATIVE FUEL AS DESCRIBED IN SECTION 151(J) UPON WHICH THE TAX IMPOSED UNDER SECTION 152 HAS NOT BEEN COLLECTED BY OR PAID TO AN ALTERNATIVE FUEL DEALER SHALL, ON OR BEFORE THE TWENTIETH DAY OF EACH MONTH, FILE WITH THE DEPARTMENT A REPORT THAT INCLUDES THE NUMBER OF GALLONS OR GALLON EQUIVALENTS, IF APPLICABLE, OF THE ALTERNATIVE FUEL DESCRIBED IN THIS SUBSECTION THAT WAS USED OR CONSUMED BY THE ALTERNATIVE FUEL COMMERCIAL USER DURING THE PRECEDING CALENDAR MONTH, TOGETHER WITH ANY OTHER INFORMATION THE DEPARTMENT REQUIRES. AN ALTERNATIVE FUEL COMMERCIAL USER SHALL PAY THE FULL AMOUNT OF THE TAX DUE TO THE DEPARTMENT AT THE TIME OF FILING THE REQUIRED REPORT.

(3) BEGINNING ON JANUARY 1, 2017, FOR THE PURPOSE OF DETERMINING THE AMOUNT OF TAX OWED TO THE DEPARTMENT, A PERSON THAT IS NOT AN ALTERNATIVE FUEL DEALER OR AN ALTERNATIVE FUEL COMMERCIAL

USER SHALL PAY THE TAX IMPOSED UNDER SECTION 152 ON ALTERNATIVE FUEL PLACED INTO A MOTOR VEHICLE FUEL SUPPLY TANK FROM AN ALTERNATIVE FUEL FILLING STATION FOR WHICH THE TAX HAS NOT BEEN COLLECTED BY OR PAID TO AN ALTERNATIVE FUEL DEALER, AND SHALL FILE WITH THE DEPARTMENT ON OR BEFORE THE TWENTIETH DAY FOLLOWING THE END OF EACH QUARTER A FORM THAT INDICATES THE NUMBER OF GALLONS OR GALLON EQUIVALENTS, IF APPLICABLE, USED OR CONSUMED BY THAT PERSON DURING THE PRECEDING CALENDAR QUARTER. A PERSON DESCRIBED IN THIS SUBSECTION SHALL PAY TO THE DEPARTMENT THE FULL AMOUNT OF THE TAX DUE AT THE TIME OF FILING THE REQUIRED FORM.

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

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

(1) ~~(a)~~ A person consuming ~~liquefied petroleum gas~~ **ALTERNATIVE FUEL** for any purpose other than ~~the operation of~~ **TO OPERATE** a motor vehicle on the public roads or highways of this state **MAY SEEK A REFUND OF THE TAX ON ALTERNATIVE FUEL IMPOSED BY THIS ACT, INCLUDING A REFUND AS PROVIDED IN SECTION 45, IF THAT PERSON HAS ALREADY PAID THE TAX IMPOSED UNDER SECTION 152 ON THAT ALTERNATIVE FUEL.**

~~(b) The federal government, state government, or a political subdivision of this state consuming liquefied petroleum gas in a~~

~~motor vehicle owned and operated or leased and operated by the federal government, state government, or political subdivision of this state.~~

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

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

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

(4) AN ALTERNATIVE FUEL IS EXEMPT FROM THE TAX IMPOSED BY THIS ACT AND THE TAX IMPOSED BY THIS ACT SHALL NOT BE COLLECTED BY AN ALTERNATIVE FUEL DEALER IF ANY OF THE FOLLOWING APPLY:

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

(B) THE ALTERNATIVE FUEL IS SOLD DIRECTLY BY AN ALTERNATIVE FUEL DEALER TO A NONPROFIT, PRIVATE, PAROCHIAL, OR DENOMINATIONAL SCHOOL, COLLEGE, OR UNIVERSITY AND IS USED IN A SCHOOL BUS OWNED AND OPERATED OR LEASED AND OPERATED BY THE EDUCATIONAL INSTITUTION

THAT IS USED IN THE TRANSPORTATION OF STUDENTS TO AND FROM THE INSTITUTION OR TO AND FROM SCHOOL FUNCTIONS AUTHORIZED BY THE ADMINISTRATION OF THE INSTITUTION.

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

(5) BOTH OF THE FOLLOWING ARE EXEMPT FROM THE TAX ON ALTERNATIVE FUEL IMPOSED BY THIS ACT:

(A) THE FEDERAL GOVERNMENT, STATE GOVERNMENT, OR A POLITICAL SUBDIVISION OF THIS STATE CONSUMING ALTERNATIVE FUEL IN A MOTOR VEHICLE OWNED AND OPERATED OR LEASED AND OPERATED BY THE FEDERAL GOVERNMENT, STATE GOVERNMENT, OR A POLITICAL SUBDIVISION OF THIS STATE.

(B) A NONPROFIT, PRIVATE, PAROCHIAL, OR DENOMINATIONAL SCHOOL, COLLEGE, OR UNIVERSITY CONSUMING ALTERNATIVE FUEL IN A SCHOOL BUS OWNED AND OPERATED OR LEASED AND OPERATED BY THE INSTITUTION WHEN THE ALTERNATIVE FUEL IS CONSUMED BY THE SCHOOL BUS WHILE TRANSPORTING STUDENTS TO AND FROM THE INSTITUTION OR TO AND FROM SCHOOL FUNCTIONS AUTHORIZED BY THE ADMINISTRATION OF THE INSTITUTION.

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

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

(8) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A PERSON THAT USES OR CONSUMES ALTERNATIVE FUEL FOR A TAXABLE PURPOSE AND DOES NOT PAY THE TAX IMPOSED UNDER SECTION 154 IS LIABLE FOR THE PAYMENT OF THAT TAX AND SHALL PAY TO THE DEPARTMENT THE TAX IMPOSED UNDER SECTION 152 AND ANY APPLICABLE PENALTIES OR INTEREST, AT THE TIME AND IN THE MANNER PRESCRIBED BY THE DEPARTMENT.

Enacting section 1. Section 38 of the motor fuel tax act, 2000 PA 403, MCL 207.1038, is repealed.

Enacting section 2. This amendatory act takes effect October 1, 2015.

Enacting section 3. This amendatory act does not take effect unless all of the following bills of the 98th Legislature are enacted into law:

(a) Senate Bill No. 414.

(b) House Bill No. 4612.

(c) House Bill No. 4613.

(d) House Bill No. 4614.

(e) House Bill No. 4616.