SUBSTITUTE FOR

HOUSE BILL NO. 4183

A bill to amend 2000 PA 403, entitled

"Motor fuel tax act,"

by amending section 8 (MCL 207.1008), as amended by 2015 PA 176.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 8. (1) 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 December 31, 2016, 19 cents per gallon on gasoline.

(*ii*) Beginning January 1, 2017 **and through September 30, 2025,** 26.3 cents per gallon on gasoline.

***(iii)* Beginning October 1, 2025, 51 cents per gallon on gasoline.**

(b) Except as otherwise provided in subdivision (c), as follows:

(*i*) Through December 31, 2016, 15 cents per gallon on diesel fuel.

(*ii*) Beginning January 1, 2017 **and through September 30, 2025,** 26.3 cents per gallon on diesel fuel.

***(iii)* Beginning October 1, 2025, 51 cents per gallon on diesel fuel.**

(c) ~~Beginning~~ **Except as otherwise provided in this subdivision, beginning** with the rate effective on January 1, 2022 and January 1 of each year thereafter, the department shall determine a cents-per-gallon rate on motor fuel that ~~shall be~~ **is** 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. **For determining the rate effective on January 1, 2026 only, the department shall determine the cents-per-gallon rate by multiplying the average cents-per-gallon rate in effect during the 2025 calendar year by the lesser of 0.05 or the inflation rate, adding the product to the cents-per-gallon rate in effect on October 1, 2025, and rounding the sum to the nearest 1/10 of a cent.**

(2) Tax ~~shall~~ **is** 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~~ **must** 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~~ **must** be measured annually and ~~shall apply~~ **applies** 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~~ **must** identify the blended product and the correct fuel product code. The motor fuel tax rate for each product ~~shall~~ **must** 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~~ **must** be generated and submitted to the department ~~upon~~ **on** request. All bills of lading and invoices ~~shall~~ **must** meet the requirements ~~provided under~~ **of** this act.

(7) Notwithstanding any other provision of this act, a facility in this state that produces motor fuel and distributes the fuel from a rack for purposes of this act is a terminal, shall obtain a terminal operator license, and shall comply with all terminal operator reporting requirements under this act. A position holder in a facility shall be licensed as a supplier and shall comply with all supplier requirements under this act.

(8) Beginning with the rate in effect on January 1, 2022 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. **The department shall publish notice of the increased rate that applies beginning October 1, 2025 not later than September 1, 2025.**

(9) A determination by the department of the ~~consumer price index,~~ **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.

Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 103rd Legislature are enacted into law:

(a) House Bill No. 4180.

(b) House Bill No. 4181.

(c) House Bill No. 4182.

(d) House Bill No. 4184.

(e) House Bill No. 4185.

(f) House Bill No. 4186.

(g) House Bill No. 4187.

(h) House Bill No. 4230.