



Olds Plaza Building, 10th Floor  
Lansing, Michigan 48909  
Phone: 517/373-6466

## **DIESEL TAX EXEMPTION**

**House Bill 4454 as introduced  
First Analysis (3-14-95)**

**Sponsor: Rep. Jessie Dalman  
Committee: Tax Policy**

### ***THE APPARENT PROBLEM:***

Chapter 1 of the motor fuel tax act provides a refund of taxes paid on gasoline purchased "for use in school buses owned and operated by nonprofit private, parochial or denominational schools, colleges and universities and used in the transportation of students to and from school, and to and from [authorized] school functions." However, no parallel exemption exists in Chapter 2 of the act for purchases of diesel fuel. (Generally speaking, vehicles owned by or leased and operated by a political subdivision of the state and vehicles owned and operated by the state and federal government are exempt from both gasoline and diesel fuel taxes.)

### ***THE CONTENT OF THE BILL:***

The bill would amend the motor fuel tax act to provide for a refund of taxes paid on diesel fuel purchased for use in school buses owned and operated by nonprofit private, parochial, or denominational schools, colleges, and universities and used in the transport of students to and from school and to and from authorized school functions. The bill would apply to purchases made after December 31, 1994 for which the required documentation was furnished.

MCL 207.122

### ***FISCAL IMPLICATIONS:***

The House Fiscal Agency reports that the bill would result in an indeterminate revenue decrease to the state, but estimates the amount to be refunded to private schools would be minimal, "as there are few diesel school buses in use by these groups." (Fiscal note dated 3-8-95)

### ***ARGUMENTS:***

#### ***For:***

The bill would make the tax treatment of diesel fuel purchases by private schools for their school buses consistent with purchases of gasoline by permitting the refund of diesel fuel taxes. This is also consistent with the treatment of public school bus fuel purchases.

### ***POSITIONS:***

There are no positions at present.

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