



# HOUSE BILL No. 4944

June 8, 1995, Introduced by Reps. DeLange, Pitoniak, Bankes, Munsell, Bobier, McBryde, Dolan, Gilmer, Johnson, Bodem, McNutt, Dalman, Gernaat, Middaugh, Byl, Sikkema, Voorhees, DeMars, Hammerstrom, LeTarte, Geiger, Randall and Jellema and referred to the Committee on Transportation.

A bill to amend sections 2 and 22 of Act No. 150 of the Public Acts of 1927, entitled as amended

"An act to prescribe a privilege tax for the use of the public highways by owners and drivers of motor vehicles by imposing a specific tax upon the sale or use, within the state of Michigan, of motor fuel; to prescribe the manner and the time of paying this tax and the duties of officials and others respecting the payment and collection of this tax; to provide for the licensing of wholesale distributors, certain retail dealers, exporters, and suppliers as defined in this act; to fix a time when this tax and interest and penalties thereon become a lien upon the property of persons, firms, partnerships, associations, or corporations, subject to the payment of this tax; to provide for the enforcement of this lien; to permit the inspection and testing of petroleum products; to provide for certain exemptions and refunds and for the disposition of the proceeds of this tax; and to prescribe penalties for the violation of this act,"

section 2 as amended by Act No. 225 of the Public Acts of 1992 and section 22 as amended by Act No. 52 of the Public Acts of 1995, being sections 207.102 and 207.122 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Sections 2 and 22 of Act No. 150 of the Public  
2 Acts of 1927, section 2 as amended by Act No. 225 of the Public  
3 Acts of 1992 and section 22 as amended by Act No. 52 of the  
4 Public Acts of 1995, being sections 207.102 and 207.122 of the  
5 Michigan Compiled Laws, are amended to read as follows:

6       Sec. 2. (1) A specific tax at a rate of cents per gallon  
7 determined under subsection (2) ~~or (3)~~ is imposed on all gaso-  
8 line and diesel motor fuel sold or used in producing or generat-  
9 ing power for propelling motor vehicles used upon the public  
10 roads and highways in this state. The tax shall be paid at those  
11 times, in the manner, and by those persons specified in this  
12 act. It is the intent of this act to impose a tax upon the  
13 owners and drivers of motor vehicles using an internal combustion  
14 type of engine upon the public roads and highways of this state  
15 by requiring them to pay for the privilege of using the public  
16 roads and highways of this state, in addition to the motor vehi-  
17 cle license tax.

18       ~~(2) Beginning January 1, 1983, and ending December 31,~~  
19 ~~1984, the tax rate imposed under subsection (1) for each 12 month~~  
20 ~~period after December 31, 1982, shall be 11 cents per gallon or~~  
21 ~~the tax rate calculated by the state commissioner of revenue as~~  
22 ~~follows, with the final result of the calculation being rounded~~  
23 ~~to the nearest 1/10 of a cent, whichever is the greater:~~

24       ~~(a) The latest available maintenance index figure for the~~  
25 ~~most recent preceding calendar year for which a maintenance index~~

~~1 figure is available shall be divided by the maintenance index  
2 figure for 1980.~~

~~3 (b) The gallonage figure for the fiscal year ending  
4 September 30, 1980, shall be divided by the gallonage figure for  
5 the fiscal year preceding the 12 month period for which the tax  
6 is being calculated.~~

~~7 (c) The quotient derived in subdivision (a) shall be multi-  
8 plied by the quotient derived in subdivision (b).~~

~~9 (d) The product derived in subdivision (c) shall be multi-  
10 plied by 12 cents.~~

~~11 (2) (3) BEGINNING OCTOBER 1, 1995, THE TAX RATE IMPOSED  
12 UNDER SUBSECTION (1) SHALL BE 20 CENTS. Beginning January 1,  
13 1985- 1996, the tax rate imposed under subsection (1) shall be  
14 the tax rate imposed for the 12 month period ending December 31,  
15 1984- 22 CENTS.~~

~~16 (4) Notwithstanding any other provision of this section, if  
17 the United States department of transportation, federal highway  
18 administration, materially alters the component parts of the  
19 highway maintenance and operation index described in subsection  
20 (8), the tax rate imposed under subsection (1) using the formula  
21 prescribed by subsection (2) shall not change from the tax rate  
22 imposed under subsection (1) immediately preceding the  
23 alteration.~~

~~24 (5) Notwithstanding any other provision of this section, the  
25 tax rate imposed under subsection (1) for a 12 month period shall  
26 not be more than 2 cents greater than the tax rate imposed for  
27 the previous 12 month period.~~

1       (3) ~~(6)~~ The state commissioner of revenue shall notify  
2 each supplier, wholesale distributor, and each retail dealer of  
3 gasoline in this state of the tax rate imposed under subsection  
4 (1) immediately after the tax rate is determined.

5       ~~(7) By June 30, 1993, the department shall submit a report~~  
6 ~~to the senate finance and house taxation committees with its rec-~~  
7 ~~ommendations on the most appropriate manner in which to tax vehi-~~  
8 ~~cles propelled on the highways of this state by alternative~~  
9 ~~fuels.~~

10       ~~(8) As used in this section:~~

11       ~~(a) "Gallonge figure" means the number of gallons of gaso-~~  
12 ~~line, alcohol gasoline fuel, liquefied petroleum gas, diesel~~  
13 ~~motor fuel, and any other fuel taxed under this act during a des-~~  
14 ~~ignated year.~~

15       ~~(b) "Maintenance index figure" means the maintenance index~~  
16 ~~total for a designated year as reported in the highway mainte-~~  
17 ~~nance and operation index published annually by the United States~~  
18 ~~department of transportation, federal highway administration:~~  
19 ~~cost trends highway maintenance and operation.~~

20       Sec. 22. (1) There shall be allowed a discount of ~~6~~ 3  
21 cents per gallon of the tax imposed on diesel motor fuel pursuant  
22 to section 2(1) if the diesel motor fuel is delivered into the  
23 fuel supply tanks of a commercial motor vehicle licensed under  
24 the motor carrier fuel tax act, Act No. 119 of the Public Acts of  
25 1980, being sections 207.211 to 207.235 of the Michigan Compiled  
26 Laws.

1       (2) The tax on diesel motor fuel sold and delivered in this  
2 state by the retailer into the fuel supply tanks of motor  
3 vehicles shall be collected by the supplier and paid over monthly  
4 to the department except that the retail dealer shall pay over  
5 monthly to the department ~~-6-~~ 3 cents of the tax imposed under  
6 section 2 for each gallon sold for delivery into or supplied into  
7 the fuel supply tanks of a motor vehicle that is not a commercial  
8 motor vehicle licensed under Act No. 119 of the Public Acts of  
9 1980 and eligible for discount allowed under subsection (1).  
10 Each diesel motor fuel retailer shall invoice sales of diesel  
11 motor fuel as prescribed by the department. Persons operating  
12 passenger vehicles of a capacity of 10 or more under a certifi-  
13 cate of public convenience and necessity issued by the Michigan  
14 public service commission, or under a municipal franchise,  
15 license, permit, agreement, or grant, respectively, and operating  
16 over regularly traveled routes expressly provided for in the cer-  
17 tificate of convenience and necessity, or municipal license,  
18 permit, agreement, or grant, shall be entitled to a refund of the  
19 tax paid in the manner provided in section 12. Refunds provided  
20 for under this section to a state certificated operator of an  
21 intercity motor bus, shall apply only to those gallons of diesel  
22 motor fuel producing mileage traveled by each intercity motor bus  
23 over regular routes or on charter trips or portions of charter  
24 trips within this state. The tax shall apply to diesel motor  
25 fuel delivered in this state into the storage of a user or  
26 acquired by a user in any manner.

1       (3) An end use purchaser who has paid the tax on diesel  
2 motor fuel may claim a refund of the tax paid on diesel motor  
3 fuel used by the purchaser while operating a motor vehicle at a  
4 plant or jobsite while not on the public roads and highways of  
5 this state. The department may determine the formulae, methodol-  
6 ogy, and documentation necessary to implement this subsection.

7       (4) A tax is not imposed under this act, nor shall a tax be  
8 collected, on diesel motor fuel used in motor vehicles owned by  
9 or leased and operated by a political subdivision of this state,  
10 or motor vehicles owned and operated by this state or the federal  
11 government.

12       (5) The purchaser of diesel motor fuel for use in school  
13 buses owned and operated by nonprofit private, parochial, or  
14 denominational schools, colleges, and universities and used in  
15 the transportation of students to and from school, and to and  
16 from school functions authorized by the administration of the  
17 eligible institution, shall be entitled to a refund of the tax  
18 paid in the manner provided in section 12. This subsection shall  
19 apply to purchases made after December 31, 1994 for which the  
20 documentation required by section 12 is furnished.

21       (6) A tax is not imposed under this act ~~—~~ nor shall a tax  
22 be collected by a supplier of diesel motor fuel if the fuel is  
23 purchased by an end user for any of the following purposes or for  
24 resale to an end user for any of the following purposes:

25       (a) For off-highway use.

26       (b) For use as a home heating oil.

- 1 (c) For export in compliance with section 3.
- 2 (d) For use as other than motor fuel.
- 3 (e) For use in trains.