



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 6031 (Substitute S-1 as reported)
Sponsor: Representative Kevin Green
House Committee: Transportation
Senate Committee: Transportation

CONTENT

The bill would amend the Motor Carrier Fuel Tax Act to eliminate the April 1, 2007, sunset date on a provision suspending, under certain circumstances, the joint and several liability of the lessor and lessee of a qualified commercial motor vehicle.

Under the Act, for tax liabilities incurred before April 1, 2005, and after April 1, 2007, if a lessor or lessee primarily liable fails, in whole or in part, to discharge his or her liability, the failing party and the other lessor or lessee party to the transaction are jointly and severally responsible and liable for compliance with the Act and for the payment of the tax due. The aggregate of taxes collected from a lessor and lessee by the State under the Act, however, may not exceed the total amount of taxes due and costs and penalties imposed. The bill would delete the reference to tax liabilities incurred after April 1, 2007 (thereby eliminating joint and several liability for taxes incurred after that date).

For tax liabilities arising after April 1, 2005, and before April 1, 2007, if a lease agreement identifies a party responsible for the payment of taxes, the nonresponsible party under the lease must obtain a copy of the responsible party's valid International Fuel Tax Agreement (IFTA) registration and keep the copy on file. The bill would delete the reference to April 1, 2007 (thereby extending this requirement beyond that date). The bill specifies that if the nonresponsible party under the lease maintained a copy of the responsible party's IFTA registration, the nonresponsible party would have no responsibility or liability for compliance with or payment of any taxes, costs, or penalties due under the Act relating to the motor fuel consumed under the lease.

MCL 207.218

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill's fiscal impact on the State cannot be determined, but likely would be negligible.

Date Completed: 9-13-06

Fiscal Analyst: Debra Hollon