

**SUBSTITUTE FOR
HOUSE BILL NO. 5255**

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
by amending sections 2, 4a, 4g, 4i, 4x, and 6a (MCL 205.52,
205.54a, 205.54g, 205.54i, 205.54x, and 205.56a), sections 2, 4a,
4g, and 4i as amended by 2004 PA 173, section 4x as amended by 2006
PA 17, and section 6a as amended by 1993 PA 325.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. (1) Except as provided in section 2a, there is levied
2 upon and there shall be collected from all persons engaged in the
3 business of making sales at retail, by which ownership of tangible
4 personal property is transferred for consideration, an annual tax
5 for the privilege of engaging in that business equal to 6%, of the
6 gross proceeds of the business, plus the penalty and interest if
7 applicable as provided by law, less deductions allowed by this act.

1 (2) The tax under subsection (1) also applies to the
2 following:

3 (a) The transmission and distribution of electricity, whether
4 the electricity is purchased from the delivering utility or from
5 another provider, if the sale is made to the consumer or user of
6 the electricity for consumption or use rather than for resale.

7 (b) The sale of a prepaid telephone calling card or a prepaid
8 authorization number **OR CODE** for telephone use, rather than for
9 resale, including the reauthorization of a prepaid telephone
10 calling card or a prepaid authorization number **OR CODE**.

11 (c) A conditional sale, installment lease sale, or other
12 transfer of property, if title is retained as security for the
13 purchase but is intended to be transferred later.

14 (3) Any person engaged in the business of making sales at
15 retail who is at the same time engaged in some other kind of
16 business, occupation, or profession not taxable under this act
17 shall keep books to show separately the transactions used in
18 determining the tax levied ~~by~~ **UNDER** this act. If the person fails
19 to keep separate books, there shall be levied upon him or her the
20 tax provided for in subsection (1) equal to 6% of the entire gross
21 proceeds of both or all of his or her businesses. The taxes levied
22 by this section are a personal obligation of the taxpayer.

23 (4) ~~A~~ **BEFORE OCTOBER 1, 2007, A** meal provided free of charge
24 or at a reduced rate to an employee during work hours by a food
25 service establishment licensed ~~by the Michigan department of~~
26 ~~agriculture~~ **UNDER THE FOOD LAW OF 2000, 2000 PA 92, MCL 289.1101 TO**
27 **289.8111**, for the convenience of the employer is not considered

1 transferred for consideration.

2 Sec. 4a. (1) Subject to subsection (2), the following are
3 exempt from the tax under this act:

4 (a) A sale of tangible personal property not for resale to a
5 nonprofit school, nonprofit hospital, or nonprofit home for the
6 care and maintenance of children or aged persons operated by an
7 entity of government, a regularly organized church, religious ~~—~~or
8 fraternal organization, a veterans' organization, or a corporation
9 incorporated under the laws of this state, if the income or benefit
10 from the operation does not inure, in whole or in part, to an
11 individual or private shareholder, directly or indirectly, and if
12 the activities of the entity or agency are carried on exclusively
13 for the benefit of the public at large and are not limited to the
14 advantage, interests, and benefits of its members or any restricted
15 group. A sale of tangible personal property to a parent cooperative
16 preschool is exempt from taxation under this act. As used in this
17 subdivision, "parent cooperative preschool" means a nonprofit,
18 nondiscriminatory educational institution, maintained as a
19 community service and administered by parents of children currently
20 enrolled in the preschool, that provides an educational and
21 developmental program for children younger than compulsory school
22 age, that provides an educational program for parents, including
23 active participation with children in preschool activities, that is
24 directed by qualified preschool personnel, and that is licensed ~~by~~
25 ~~the department of consumer and industry services pursuant to 1973~~
26 PA 116, MCL 722.111 to 722.128.

27 (b) A sale of tangible personal property not for resale to a

1 regularly organized church or house of religious worship, except
2 the following:

3 (i) Sales in activities that are mainly commercial enterprises.

4 (ii) Sales of vehicles licensed for use on public highways
5 other than a passenger van or bus with a manufacturer's rated
6 seating capacity of 10 or more that is used primarily for the
7 transportation of persons for religious purposes.

8 (c) The sale of food to bona fide enrolled students by a
9 school or other educational institution not operated for profit.

10 (d) The sale of a vessel designated for commercial use of
11 registered tonnage of 500 tons or more, if produced upon special
12 order of the purchaser, and bunker and galley fuel, provisions,
13 supplies, maintenance, and repairs for the exclusive use of the
14 vessel engaged in interstate commerce.

15 (e) A sale of tangible personal property to persons engaged in
16 a business enterprise and using or consuming the tangible personal
17 property in the tilling, planting, caring for, or harvesting of the
18 things of the soil; in the breeding, raising, or caring for
19 livestock, poultry, or horticultural products, including transfers
20 of livestock, poultry, or horticultural products for further
21 growth; or in the direct gathering of fish, by net, line, or
22 otherwise only by an owner-operator of the business enterprise, not
23 including a charter fishing business enterprise. This exemption
24 includes agricultural land tile, which means fired clay or
25 perforated plastic tubing used as part of a subsurface drainage
26 system for land, and subsurface irrigation pipe, if the land tile
27 or irrigation pipe is used in the production of agricultural

1 products as a business enterprise. This exemption includes a
2 portable grain bin, which means a structure that is used or is to
3 be used to shelter grain and that is designed to be disassembled
4 without significant damage to its component parts. This exemption
5 also includes grain drying equipment and natural or propane gas
6 used to fuel that equipment for agricultural purposes. This
7 exemption does not include transfers of food, fuel, clothing, or
8 any similar tangible personal property for personal living or human
9 consumption. This exemption does not include tangible personal
10 property permanently affixed and becoming a structural part of real
11 estate.

12 (f) The sale of a copyrighted motion picture film or a
13 newspaper ~~or periodical~~ admitted under federal postal laws and
14 regulations effective September 1, 1985 as second-class mail matter
15 or as a controlled circulation publication or qualified to accept
16 legal notices for publication in this state, as defined by law, or
17 any other newspaper ~~or periodical~~ of general circulation,
18 established not less than 2 years, and published not less than once
19 a week, **OR, BEFORE OCTOBER 1, 2007, A PERIODICAL ADMITTED UNDER**
20 **FEDERAL POSTAL LAWS AND REGULATIONS EFFECTIVE SEPTEMBER 1, 1985 AS**
21 **SECOND-CLASS MAIL.** Tangible personal property used or consumed in
22 producing a copyrighted motion picture film, a newspaper published
23 more than 14 times per year, or a periodical published more than 14
24 times per year, and not becoming a component part of that film,
25 newspaper, or periodical is subject to the tax. Tangible personal
26 property used or consumed in producing a newspaper published 14
27 times or less per year or a periodical published 14 times or less

1 per year and that portion or percentage of tangible personal
2 property used or consumed in producing an advertising supplement
3 that becomes a component part of a newspaper or periodical is
4 exempt from the tax under this subdivision. A claim for a refund
5 for taxes paid before January 1, 1999, under this subdivision shall
6 be made before June 30, 1999. For purposes of this subdivision,
7 tangible personal property that becomes a component part of a
8 newspaper or periodical and consequently not subject to tax
9 includes an advertising supplement inserted into and circulated
10 with a newspaper or periodical that is otherwise exempt from tax
11 under this subdivision, if the advertising supplement is delivered
12 directly to the newspaper or periodical by a person other than the
13 advertiser, or the advertising supplement is printed by the
14 newspaper or periodical.

15 (g) A sale of tangible personal property to persons licensed
16 to operate commercial radio or television stations if the property
17 is used in the origination or integration of the various sources of
18 program material for commercial radio or television transmission.
19 This subdivision does not include a vehicle licensed and titled for
20 use on public highways or property used in the transmission to or
21 receiving from an artificial satellite.

22 (h) The sale of a prosthetic device, durable medical
23 equipment, or mobility enhancing equipment.

24 (i) The sale of a vehicle not for resale to a Michigan
25 nonprofit corporation organized exclusively to provide a community
26 with ambulance or fire department services.

27 (j) A sale of tangible personal property to inmates in a penal

1 or correctional institution purchased with scrip or its equivalent
2 issued and redeemed by the institution.

3 (k) A sale of textbooks sold by a public or nonpublic school
4 to or for the use of students enrolled in any part of a
5 kindergarten through twelfth grade program.

6 (l) ~~A—BEFORE OCTOBER 1, 2007, A~~ sale of tangible personal
7 property installed as a component part of a water pollution control
8 facility for which a tax exemption certificate is issued pursuant
9 to part 37 of the natural resources and environmental protection
10 act, 1994 PA 451, MCL 324.3701 to 324.3708, or an air pollution
11 control facility for which a tax exemption certificate is issued
12 pursuant to part 59 of the natural resources and environmental
13 protection act, 1994 PA 451, MCL 324.5901 to 324.5908.

14 (m) The sale or lease of the following to an industrial
15 laundry after December 31, 1997:

16 (i) Textiles and disposable products including, but not limited
17 to, soap, paper, chemicals, tissues, deodorizers and dispensers,
18 and all related items such as packaging, supplies, hangers, name
19 tags, and identification tags.

20 (ii) Equipment, whether owned or leased, used to repair and
21 dispense textiles including, but not limited to, roll towel
22 cabinets, slings, hardware, lockers, mop handles and frames, and
23 carts.

24 (iii) Machinery, equipment, parts, lubricants, and repair
25 services used to clean, process, and package textiles and related
26 items, whether owned or leased.

27 (iv) Utilities such as electric, gas, water, or oil.

1 (v) Production washroom equipment and mending and packaging
2 supplies and equipment.

3 (vi) Material handling equipment including, but not limited to,
4 conveyors, racks, and elevators and related control equipment.

5 (vii) Wastewater pretreatment equipment and supplies and
6 related maintenance and repair services.

7 (n) A sale of tangible personal property to a person holding a
8 direct payment permit under section 8 of the use tax act, 1937 PA
9 94, MCL 205.98.

10 (2) The tangible personal property under subsection (1) is
11 exempt only to the extent that that property is used for the exempt
12 purpose if one is stated in subsection (1). The exemption is
13 limited to the percentage of exempt use to total use determined by
14 a reasonable formula or method approved by the department.

15 Sec. 4g. (1) The following are exempt from the tax under this
16 act:

17 (a) Sales of drugs for human use that can only be legally
18 dispensed by prescription or food or food ingredients, except
19 prepared food intended for immediate human consumption **AND, AFTER**
20 **OCTOBER 1, 2007, FOOD AND FOOD INGREDIENTS SOLD FROM A VENDING**
21 **MACHINE.**

22 (b) The deposit on a returnable container for a beverage or
23 the deposit on a carton or case that is used for returnable
24 containers.

25 (c) Food or tangible personal property purchased under the
26 federal food stamp program or meals eligible to be purchased under
27 the federal food stamp program.

1 (d) Fruit or vegetable seeds and fruit or vegetable plants if
2 purchased at a place of business authorized to accept food stamps
3 by the food and nutrition service of the United States department
4 of agriculture or a place of business that has made a complete and
5 proper application for authorization to accept food stamps but has
6 been denied authorization and provides proof of denial to the
7 department of treasury.

8 (e) Live animals purchased with the intent to be slaughtered
9 for human consumption.

10 (2) ~~Food~~ **BEFORE OCTOBER 1, 2007, FOOD** or drink heated or
11 cooled mechanically, electrically, or by other artificial means to
12 an average temperature above 75 degrees Fahrenheit or below 65
13 degrees Fahrenheit before sale and sold from a vending machine,
14 except milk, nonalcoholic beverages in a sealed container, and
15 fresh fruit, is subject to the tax under this act. The tax due
16 under this act on the sale of food or drink from a vending machine
17 selling both taxable items and items exempt under this subsection
18 shall be calculated under this act based on 1 of the following as
19 determined by the taxpayer:

20 (a) Actual gross proceeds from sales at retail.

21 (b) Forty-five percent of proceeds from the sale of items
22 subject to tax under this act or exempt from the tax levied under
23 this act, other than from the sale of carbonated beverages.

24 (3) "Food and food ingredients" means substances, whether in
25 liquid, concentrated, solid, frozen, dried, or dehydrated form,
26 that are sold for ingestion or chewing by humans and are consumed
27 for their taste or nutritional value. Food and food ingredients do

1 not include alcoholic beverages and tobacco.

2 (4) "Prepared food" means the following:

3 (a) Food sold in a heated state or that is heated by the
4 seller.

5 (b) Two or more food ingredients mixed or combined by the
6 seller for sale as a single item.

7 (c) Food sold with eating utensils provided by the seller,
8 including knives, forks, spoons, glasses, cups, napkins, straws, or
9 plates, but not including a container or packaging used to
10 transport the food.

11 (5) Prepared food does not include the following:

12 (a) Food that is only cut, repackaged, or pasteurized by the
13 seller.

14 (b) Raw eggs, fish, meat, poultry, and foods containing those
15 raw items requiring cooking by the consumer in recommendations
16 contained in section 3-401.11 of part 3-4 of chapter 3 of the 2001
17 food code published by the food and drug administration of the
18 public health service of the department of health and human
19 services, to prevent foodborne illness.

20 (c) Food sold in an unheated state by weight or volume as a
21 single item, without eating utensils.

22 (d) Bakery items, including bread, rolls, buns, biscuits,
23 bagels, croissants, pastries, doughnuts, danish, cakes, tortes,
24 pies, tarts, muffins, bars, cookies, and tortillas, sold without
25 eating utensils.

26 (6) "Prepared food intended for immediate **HUMAN** consumption"
27 means prepared food **AND, AFTER OCTOBER 1, 2007, FOOD AND FOOD**

1 **INGREDIENTS SOLD FROM A VENDING MACHINE.**

2 Sec. 4i. (1) As used in this section, "bad debt" means any
3 portion of a debt that is related to a sale at retail taxable under
4 this act for which gross proceeds are not otherwise deductible or
5 excludable and that is eligible to be claimed, or could be eligible
6 to be claimed if the taxpayer kept accounts on an accrual basis, as
7 a deduction pursuant to section 166 of the internal revenue code,
8 26 USC 166. A bad debt shall not include any finance charge,
9 interest, or sales tax on the purchase price, uncollectible amounts
10 on property that remains in the possession of the taxpayer until
11 the full purchase price is paid, expenses incurred in attempting to
12 collect any account receivable or any portion of the debt
13 recovered, any accounts receivable that have been sold to and
14 remain in the possession of a third party for collection, and
15 repossessed property.

16 (2) In computing the amount of tax levied under this act for
17 any month, **BEFORE OCTOBER 1, 2007**, a taxpayer may deduct the amount
18 of bad debts from his or her gross proceeds used for the
19 computation of the tax. The amount of gross proceeds deducted must
20 be charged off as uncollectible on the books and records of the
21 taxpayer at the time the debt becomes worthless and deducted on the
22 return for the period during which the bad debt is written off as
23 uncollectible in the claimant's books and records and must be
24 eligible to be deducted for federal income tax purposes. For
25 purposes of this section, **BEFORE OCTOBER 1, 2007**, a claimant who is
26 not required to file a federal income tax return may deduct a bad
27 debt on a return filed for the period in which the bad debt becomes

1 worthless and is written off as uncollectible in the claimant's
2 books and records and would be eligible for a bad debt deduction
3 for federal income tax purposes if the claimant was required to
4 file a federal income tax return. If a consumer or other person
5 pays all or part of a bad debt with respect to which a taxpayer
6 claimed a deduction under this section, the taxpayer is liable for
7 the amount of taxes deducted in connection with that portion of the
8 debt for which payment is received and shall remit these taxes in
9 his or her next payment to the department. Any payments made on a
10 bad debt shall be applied proportionally first to the taxable price
11 of the property and the tax on the property and second to any
12 interest, service, or other charge.

13 (3) Any claim for a bad debt deduction under this section
14 shall be supported by that evidence required by the department. The
15 department shall review any change in the rate of taxation
16 applicable to any taxable sales by a taxpayer claiming a deduction
17 pursuant to this section and shall ensure that the deduction on any
18 bad debt does not result in the taxpayer claiming the deduction
19 recovering any more or less than the taxes imposed on the sale that
20 constitutes the bad debt.

21 (4) If a certified service provider assumed filing
22 responsibility under the streamlined sales and use tax
23 administration act, **2004 PA 174, MCL 205.801 TO 205.833**, the
24 certified service provider may, **BEFORE OCTOBER 1, 2007**, claim, on
25 behalf of the taxpayer, any bad debt allowable to the taxpayer and
26 shall credit or refund that amount of bad debt allowed or refunded
27 to the taxpayer.

1 (5) If the books and records of a taxpayer under the
2 streamlined sales and use tax agreement **UNDER THE STREAMLINED SALES**
3 **AND USE TAX ADMINISTRATION ACT, 2004 PA 174, MCL 205.801 TO**
4 **205.833**, that claims a bad debt allowance support an allocation of
5 the bad debts among member states of that agreement, the taxpayer
6 may allocate the bad debts.

7 Sec. 4x. (1) A sale to a domestic air carrier of 1 or more of
8 the following is exempt from the tax under this act:

9 (a) An aircraft that has a maximum certificated takeoff weight
10 of at least 6,000 pounds for use solely in the transport of air
11 cargo, passengers, or a combination of air cargo and passengers.

12 (b) Parts and materials, excluding shop equipment or fuel,
13 affixed or to be affixed to an aircraft that has a maximum
14 certificated takeoff weight of at least 6,000 pounds for use solely
15 in the transport of air cargo, passengers, or a combination of air
16 cargo and passengers.

17 (2) ~~The~~ **BEFORE OCTOBER 1, 2007, THE** tax levied under this act
18 does not apply to the sale of parts or materials, excluding shop
19 equipment or fuel, affixed or to be affixed to an aircraft that
20 meets all of the following conditions:

21 (a) The aircraft leaves this state within 15 days after the
22 sooner of the issuance of the final billing or authorized approval
23 for final return to service, completion of the maintenance record
24 entry, and completion of the test flight and ground test for
25 inspection as required under 14 CFR 91.407.

26 (b) The aircraft was not based in this state or registered in
27 this state before the parts or materials are affixed to the

1 aircraft and the aircraft is not based in this state or registered
2 in this state after the parts or materials are affixed to the
3 aircraft.

4 (3) The tax levied under this act does not apply to the sale
5 of an aircraft temporarily located in this state for the purpose of
6 prepurchase evaluation or the purpose of prepurchase evaluation and
7 postsale customization if all of the following conditions are
8 satisfied:

9 (a) The aircraft leaves this state within 15 days after
10 authorized approval for final return to service, completion of the
11 maintenance record entry, and completion of the test flight and
12 ground test for inspection as required under 14 CFR 91.407.

13 (b) The aircraft was not based in this state or registered in
14 this state before the prepurchase evaluation or prepurchase
15 evaluation and postsale customization are completed and the
16 aircraft is not based in this state or registered in this state
17 after the prepurchase evaluation or prepurchase evaluation and
18 postsale customization are completed.

19 (4) A sale of an aircraft to a person for subsequent lease to
20 a domestic air carrier operating under a certificate issued by the
21 federal aviation administration under 14 CFR 121, for use solely in
22 the regularly scheduled transport of passengers is exempt from the
23 tax under this act.

24 (5) As used in this section:

25 (a) "Based in this state" means hangared or stored in this
26 state for not less than 10 days in not less than 3 nonconsecutive
27 months during the immediately preceding 12-month period.

1 (b) "Domestic air carrier" is limited to entities engaged
2 primarily in the commercial transport for hire of air cargo,
3 passengers, or a combination of air cargo and passengers as a
4 business activity.

5 (c) "Prepurchase evaluation" means an examination of an
6 aircraft to provide a potential purchaser with information relevant
7 to the potential purchase.

8 (d) "Postsale customization" means any improvement,
9 maintenance, or repair that is performed on an aircraft following a
10 transfer of ownership of the aircraft.

11 (e) "Registered in this state" means an aircraft registered
12 with the state transportation department, bureau of aeronautics or
13 registered with the federal aviation administration to an address
14 located in this state.

15 Sec. 6a. (1) At the time of purchase or shipment from a
16 refiner, pipeline terminal operator, or marine terminal operator, a
17 purchaser or receiver of gasoline shall prepay a portion of the tax
18 imposed by this act at the rate provided in this section to the
19 refiner, pipeline terminal operator, or marine terminal operator
20 for the purchase or receipt of gasoline. If the purchase or receipt
21 of gasoline is made outside this state for shipment into and
22 subsequent sale within this state, the purchaser or receiver, other
23 than a refiner, pipeline terminal operator, or marine terminal
24 operator, shall make the prepayment required by this section
25 directly to the department. Prepayments shall be made at a cents
26 per gallon rate determined by the department and shall be based on
27 6% of the statewide average retail price of a gallon of self-serve

1 unleaded regular gasoline as determined and certified by the
2 department rounded up to the nearest 1/10 of 1 cent. A person who
3 makes prepayments direct to the department shall make those
4 prepayments according to the schedule in subsection (5).

5 (2) The rate of prepayment applied pursuant to subsection (1)
6 shall be determined every 6 months by the department unless the
7 department certifies that the change in the statewide average
8 retail price of a gallon of self-serve unleaded regular gasoline
9 has been less than 10% during the 6-month period. However, the rate
10 shall be determined not less than annually.

11 (3) A person subject to tax under this act who makes
12 prepayment to another person as required by this section may claim
13 an estimated prepayment credit on its regular monthly return filed
14 pursuant to section 6. The credit shall be for prepayments made
15 during the month for which the return is required and shall be
16 based upon the difference between prepayments made in the
17 immediately preceding month and collections of prepaid tax received
18 from sales or transfers. A sale or transfer for which collection of
19 prepaid tax is due the taxpayer is subject to a bad debt deduction
20 under section 4i, whether or not the sale or transfer is a sale at
21 retail. The credit shall not be reduced because of actual
22 shrinkage. A taxpayer who does not, in the ordinary course of
23 business sell gasoline in each month of the year, may, with the
24 approval of the department, base the initial prepayment deduction
25 in each tax year on prepayments made in a month other than the
26 immediately preceding month. ~~Estimated prepayment credits claimed~~
27 ~~with the return due in January 1984 shall be based on the~~

1 ~~taxpayer's retail sales of gasoline in December 1983.~~ The
2 difference in actual prepayments shall be reconciled on the annual
3 return in accordance with procedures prescribed by the department.

4 (4) At the option of the taxpayer the estimated prepayment
5 credit may be claimed on the return required to be filed under ~~Act~~
6 ~~No. 150 of the Public Acts of 1927, being sections 207.101 to~~
7 ~~207.202 of the Michigan Compiled Laws~~ **THE MOTOR FUEL TAX ACT, 2000**
8 **PA 403, MCL 207.1001 TO 207.1170**, instead of a claim for the credit
9 on the return required to be filed under section 6. Prepayments
10 claimed on the motor fuel tax return shall be based on the
11 difference in the prepayments made in the immediately preceding
12 month and collections of prepaid tax received from sales or
13 transfer and shall be for prepayments made in the month in which
14 the return is due. A taxpayer electing an option under this
15 subsection shall be entitled to a deduction under section 4i as
16 permitted by subsection (3). Amounts credited pursuant to this
17 section shall not be deducted from amounts required to be credited
18 to the Michigan transportation fund pursuant to section ~~18b of Act~~
19 ~~No. 150 of the Public Acts of 1927, being section 207.118b of the~~
20 ~~Michigan Compiled Laws~~ **143 OF THE MOTOR FUEL TAX ACT, 2000 PA 403,**
21 **MCL 207.1143**. The department may establish procedures for the
22 election of claims under subsection (3) and this subsection to
23 avoid duplication of claims.

24 (5) Notwithstanding the other provisions for the payment and
25 remitting of tax due under this act, a refiner, pipeline terminal
26 operator, or marine terminal operator shall account for and remit
27 to the department the prepayments received pursuant to this section

1 in accordance with the following schedule:

2 (a) On or before the twenty-fifth of each month, prepayments
3 received after the end of the preceding month and before the
4 sixteenth of the month in which the prepayments are made.

5 (b) On or before the tenth of each month, payments received
6 after the fifteenth and before the end of the preceding month.

7 (6) A refiner, pipeline terminal operator, or marine terminal
8 operator who fails to remit prepayments made by a purchaser or
9 receiver of gasoline is subject to the penalties provided by ~~Act~~
10 ~~No. 122 of the Public Acts of 1941, being sections 205.1 to 205.31~~
11 ~~of the Michigan Compiled Laws 1941 PA 122, MCL 205.1 TO 205.31.~~

12 (7) The refiner, pipeline terminal operator, or marine
13 terminal operator shall not receive a deduction under section 4 for
14 receiving and remitting prepayments from a purchaser or receiver
15 pursuant to this section.

16 (8) The purchaser or receiver of gasoline who makes
17 prepayments is not subject to further liability for the amount of
18 the prepayment if the refiner, pipeline terminal operator, or
19 marine terminal operator fails to remit the prepayment.

20 (9) As used in this section:

21 (a) "Marine terminal operator" means a person who stores
22 gasoline at a boat terminal transfer defined as a dock, a tank, or
23 equipment contiguous to a dock or a tank, including equipment used
24 in the unloading of gasoline from a ship and in transferring the
25 gasoline to a tank pending wholesale bulk reshipment.

26 (b) "Pipeline terminal operator" means a person who stores
27 gasoline in tanks and equipment used in receiving and storing

1 gasoline from interstate and intrastate pipelines pending wholesale
2 bulk reshipment.

3 (c) "Purchase" or "shipment" does not include an exchange of
4 gasoline, or an exchange transaction, between refiners, pipeline
5 terminal operators, or marine terminal operators.

6 (d) "Refiner" means a person who manufactures or produces
7 gasoline by any process involving substantially more than the
8 blending of gasoline.