

HOUSE BILL No. 5768

January 27, 2010, Introduced by Reps. Ball, Byrnes, Nerat, Bauer, Lori, Gonzales, Donigan and Lindberg and referred to the Committee on Transportation.

A bill to amend 2000 PA 403, entitled
"Motor fuel tax act,"
by amending section 8 (MCL 207.1008), as amended by 2006 PA 268.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 8. (1) Subject to the exemptions provided for in this
2 act, tax is imposed on motor fuel imported into or sold, delivered,
3 or used in this state at the following rates:

4 (a) ~~Except as otherwise provided in subdivision (c),~~ **THE TAX**
5 **IMPOSED ON GASOLINE UNDER THIS ACT IS** 19 cents per gallon on
6 gasoline **THROUGH FEBRUARY 28, 2010, 23 CENTS PER GALLON ON GASOLINE**
7 **FROM MARCH 1, 2010 THROUGH DECEMBER 31, 2012, AND 27 CENTS PER**

1 GALLON ON GASOLINE ON AND AFTER JANUARY 1, 2013.

2 (B) THE TAX IMPOSED ON DIESEL FUEL UNDER THIS ACT IS 15 CENTS
3 PER GALLON ON DIESEL FUEL THROUGH FEBRUARY 28, 2010, 21 CENTS PER
4 GALLON ON DIESEL FUEL BEGINNING MARCH 1, 2010 AND CONTINUING
5 THROUGH DECEMBER 31, 2012, AND 27 CENTS PER GALLON ON DIESEL FUEL
6 ON AND AFTER JANUARY 1, 2013.

7 ~~—— (b) Except as otherwise provided in subdivision (d), 15 cents~~
8 ~~per gallon on diesel fuel.~~

9 ~~—— (c) Subject to subsections (10) and (11), 12 cents per gallon~~
10 ~~on gasoline that is at least 70% ethanol. Under this subdivision,~~
11 ~~blenders of ethanol and gasoline outside of the bulk transfer~~
12 ~~terminal system shall obtain a blender's license and are subject to~~
13 ~~the blender reporting requirements under this act. A licensed~~
14 ~~supplier who blends ethanol and gasoline shall also obtain a~~
15 ~~blender's license.~~

16 ~~—— (d) Subject to subsections (10) and (11), 12 cents per gallon~~
17 ~~on diesel fuel that contains at least 5% biodiesel. Under this~~
18 ~~subdivision, blenders of biodiesel and diesel fuel outside of the~~
19 ~~bulk transfer terminal system are required to obtain a blender's~~
20 ~~license and are subject to the blender reporting requirements under~~
21 ~~this act. A licensed supplier who blends biodiesel and diesel fuel~~
22 ~~shall also obtain a blender's license.~~

23 (2) Tax shall not be imposed under this section on motor fuel
24 that is in the bulk transfer/terminal system.

25 (3) The collection, payment, and remittance of the tax imposed
26 by this section shall be accomplished in the manner and at the time
27 provided for in this act.

1 (4) Tax is also imposed at the rate described in subsection
2 (1) on net gallons of motor fuel, including transmix, lost or
3 unaccounted for, at each terminal in this state. The tax shall be
4 measured annually and shall apply to the net gallons of motor fuel
5 lost or unaccounted for that are in excess of 1/2 of 1% of all net
6 gallons of fuel removed from the terminal across the rack or in
7 bulk.

8 (5) It is the intent of this act:

9 (a) To require persons who operate a motor vehicle on the
10 public roads or highways of this state to pay for the privilege of
11 using those roads or highways.

12 (b) To impose on suppliers a requirement to collect and remit
13 the tax imposed by this act at the time of removal of motor fuel
14 unless otherwise specifically provided in this act.

15 (c) To allow persons who pay the tax imposed by this act and
16 who use the fuel for a nontaxable purpose to seek a refund or claim
17 a deduction as provided in this act.

18 (d) That the tax imposed by this act be collected and paid at
19 those times, in the manner, and by those persons specified in this
20 act.

21 (6) Bills of lading and invoices shall identify the blended
22 product and the correct fuel product code. The motor fuel tax rate
23 for each product shall be listed separately on each invoice.
24 Licensees shall report the correct fuel product code for the
25 blended product as required by the department. When fuel is blended
26 below the terminal rack, new bills of lading and invoices shall be
27 generated and submitted to the department upon request. All bills

1 of lading and invoices shall meet the requirements provided under
2 this act.

3 (7) Notwithstanding any other provision of this act, all
4 facilities in this state that produce motor fuel and distribute the
5 fuel from a rack for purposes of this act are a terminal and shall
6 obtain a terminal operator license and shall comply with all
7 terminal operator reporting requirements under this act. All
8 position holders in these facilities shall be licensed as a
9 supplier and shall comply with all supplier requirements under this
10 act.

11 ~~—— (8) If the tax on gasoline that contains at least 70% ethanol~~
12 ~~or diesel fuel that contains at least 5% biodiesel held in storage~~
13 ~~outside of the bulk transfer/terminal system on the effective date~~
14 ~~of the amendatory act that added this subsection has previously~~
15 ~~been paid at the rates imposed by subsection (1)(a) and (b), the~~
16 ~~person who paid the tax may claim a refund for the difference~~
17 ~~between the rates imposed by subsection (1)(a) and (b) and the~~
18 ~~rates imposed by subsection (1)(c) and (d). All of the following~~
19 ~~shall apply to a refund claimed under this subsection:~~

20 ~~—— (a) The refund shall be claimed on a form prescribed by the~~
21 ~~department.~~

22 ~~—— (b) The refund shall apply only to:~~

23 ~~—— (i) Previously taxed gasoline containing at least 70% ethanol~~
24 ~~or diesel fuel containing at least 5% biodiesel in excess of 3,000~~
25 ~~gallons held in storage by an end user.~~

26 ~~—— (ii) Previously taxed gasoline containing at least 70% ethanol~~
27 ~~or diesel fuel containing at least 5% biodiesel held for sale that~~

1 ~~is in excess of dead storage.~~

2 ~~—— (9) A refund request shall be filed within 60 days after the~~
3 ~~last day of the month in which the amendatory act that added this~~
4 ~~subsection took effect. A taxpayer shall provide documentation that~~
5 ~~the department requires in order to verify the request for refund.~~
6 ~~A person who may claim a refund under subsection (8) shall do all~~
7 ~~of the following to claim the refund:~~

8 ~~—— (a) Not later than 12 a.m. on the effective date of the~~
9 ~~amendatory act that added this subsection, take an inventory of~~
10 ~~gasoline containing at least 70% ethanol or undyed diesel fuel~~
11 ~~containing at least 5% biodiesel.~~

12 ~~—— (b) Deduct 3,000 gallons if the person claiming the refund is~~
13 ~~an end user.~~

14 ~~—— (c) Deduct the number of gallons in dead storage if the~~
15 ~~gasoline containing at least 70% ethanol or the undyed diesel fuel~~
16 ~~containing at least 5% biodiesel is held for subsequent sale.~~

17 ~~—— (10) Beginning on the effective date of the amendatory act~~
18 ~~that added this subsection, the state treasurer shall annually~~
19 ~~determine, for the 12 month period ending May 1 and for any~~
20 ~~additional times that the treasurer may determine, the difference~~
21 ~~between the amount of motor fuel tax collected and the amount of~~
22 ~~motor fuel tax that would have been collected but for the~~
23 ~~differential rates on gasoline pursuant to subsection (1)(c) and~~
24 ~~biodiesel pursuant to subsection (1)(d). Subsection (1)(c) and (d)~~
25 ~~is no longer effective the earlier of 10 years after the effective~~
26 ~~date of the amendatory act that added this subsection or the first~~
27 ~~day of the first month that is not less than 90 days after the~~

~~state treasurer certifies that the total cumulative rate differential from the effective date of this amendatory act is greater than \$2,500,000.00.~~

~~———— (11) The legislature shall annually appropriate to the Michigan transportation fund created in 1951 PA 51, MCL 247.651 to 247.675, the amount determined as the rate differential certified by the state treasurer for the 12 month period ending on May 1 of the calendar year in which the fiscal year begins. Subsection (1)(c) and (d) shall not be effective beginning January of any fiscal year for which the appropriation required under this subsection has not been made by the first day of the fiscal year.~~

~~———— (12) As used in this section:~~

~~———— (a) "Biodiesel" means a fuel composed of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats and, in accordance with standards specified by the American society for testing and materials, designated B100 and meeting the requirements of D-6751, as approved by the department of agriculture.~~

~~———— (b) "Ethanol" means denatured fuel ethanol that is suitable for use in a spark ignition engine when mixed with gasoline so long as the mixture meets the American society for testing and materials D-5798 specifications.~~

Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 95th Legislature are enacted into law:

(a) Senate Bill No. ____ or House Bill No. 5770(request no. 04348'09 b) .

1 (b) Senate Bill No. _____ or House Bill No. 5769 (request no.
2 05205'09).