

HOUSE BILL No. 4885

August 24, 2011, Introduced by Rep. Opsommer 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), 19 cents
5 per gallon on gasoline.

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

8 (c) Subject to subsections ~~(10)~~(8) and ~~(11)~~(9), 12 cents
9 per gallon on gasoline that is at least 70% ethanol. Under this
10 subdivision, blenders of ethanol and gasoline outside of the bulk

1 transfer terminal system shall obtain a blender's license and are
2 subject to the blender reporting requirements under this act. A
3 licensed supplier who blends ethanol and gasoline shall also obtain
4 a blender's license.

5 (d) Subject to subsections ~~(10)~~-(8) and ~~(11)~~-(9), 12 cents
6 per gallon on diesel fuel that contains at least 5% biodiesel.
7 Under this subdivision, blenders of biodiesel and diesel fuel
8 outside of the bulk transfer terminal system are required to obtain
9 a blender's license and are subject to the blender reporting
10 requirements under this act. A licensed supplier who blends
11 biodiesel and diesel fuel shall also obtain a blender's license.

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

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

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

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

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

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

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

7 (d) That the tax imposed by this act be collected and paid at
8 those times, in the manner, and by those persons specified in this
9 act.

10 (6) Bills of lading and invoices shall identify the blended
11 product and the correct fuel product code. The motor fuel tax rate
12 for each product shall be listed separately on each invoice.
13 Licensees shall report the correct fuel product code for the
14 blended product as required by the department. When fuel is blended
15 below the terminal rack, new bills of lading and invoices shall be
16 generated and submitted to the department upon request. All bills
17 of lading and invoices shall meet the requirements provided under
18 this act.

19 (7) Notwithstanding any other provision of this act, all
20 facilities in this state that produce motor fuel and distribute the
21 fuel from a rack for purposes of this act are a terminal and shall
22 obtain a terminal operator license and shall comply with all
23 terminal operator reporting requirements under this act. All
24 position holders in these facilities shall be licensed as a
25 supplier and shall comply with all supplier requirements under this
26 act.

27 ~~(8) If the tax on gasoline that contains at least 70% ethanol~~

~~1 or diesel fuel that contains at least 5% biodiesel held in storage
2 outside of the bulk transfer/terminal system on the effective date
3 of the amendatory act that added this subsection has previously
4 been paid at the rates imposed by subsection (1) (a) and (b), the
5 person who paid the tax may claim a refund for the difference
6 between the rates imposed by subsection (1) (a) and (b) and the
7 rates imposed by subsection (1) (c) and (d). All of the following
8 shall apply to a refund claimed under this subsection:~~

~~9 — (a) The refund shall be claimed on a form prescribed by the
10 department.~~

~~11 — (b) The refund shall apply only to:~~

~~12 — (i) Previously taxed gasoline containing at least 70% ethanol
13 or diesel fuel containing at least 5% biodiesel in excess of 3,000
14 gallons held in storage by an end user.~~

~~15 — (ii) Previously taxed gasoline containing at least 70% ethanol
16 or diesel fuel containing at least 5% biodiesel held for sale that
17 is in excess of dead storage.~~

~~18 — (9) A refund request shall be filed within 60 days after the
19 last day of the month in which the amendatory act that added this
20 subsection took effect. A taxpayer shall provide documentation that
21 the department requires in order to verify the request for refund.
22 A person who may claim a refund under subsection (8) shall do all
23 of the following to claim the refund:~~

~~24 — (a) Not later than 12 a.m. on the effective date of the
25 amendatory act that added this subsection, take an inventory of
26 gasoline containing at least 70% ethanol or undyed diesel fuel
27 containing at least 5% biodiesel.~~

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

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

6 (8) ~~(10) Beginning on the effective date of the amendatory act~~
7 ~~that added this subsection~~ **SEPTEMBER 1, 2006**, the state treasurer
8 shall annually determine, for the 12-month period ending May 1 and
9 for any additional times that the treasurer may determine, the
10 difference between the amount of motor fuel tax collected and the
11 amount of motor fuel tax that would have been collected but for the
12 differential rates on gasoline pursuant to subsection (1)(c) and
13 biodiesel pursuant to subsection (1)(d). Subsection (1)(c) and (d)
14 is no longer effective the earlier of 10 years after ~~the effective~~
15 ~~date of the amendatory act that added this subsection~~ **SEPTEMBER 1,**
16 **2006** or the first day of the first month that is not less than 90
17 days after the state treasurer certifies that the total cumulative
18 rate differential from ~~the effective date of this amendatory act~~
19 **SEPTEMBER 1, 2006** is greater than \$2,500,000.00.

20 (9) ~~(11)~~ The legislature shall annually appropriate to the
21 Michigan transportation fund created in 1951 PA 51, MCL 247.651 to
22 247.675, the amount determined as the rate differential certified
23 by the state treasurer for the 12-month period ending on May 1 of
24 the calendar year in which the fiscal year begins. Subsection
25 (1)(c) and (d) shall not be effective beginning January of any
26 fiscal year for which the appropriation required under this
27 subsection has not been made by the first day of the fiscal year.

1 (10) THIS STATE, ANY AGENCY OF THIS STATE, OR ANY POLITICAL
2 SUBDIVISION OF THIS STATE SHALL NOT DIRECTLY OR INDIRECTLY, THROUGH
3 A THIRD-PARTY AGREEMENT OR OTHER MEANS, CALCULATE, IMPOSE, OR LEVY
4 A VEHICLE-MILES-TRAVELED TAX, MILEAGE-BASED USER FEE, GLOBAL-
5 POSITIONING-SATELLITE-BASED TOLL, OR SIMILAR PROGRAM THAT WOULD
6 ALLOW FOR OR REQUIRE THE LOCATIONAL TRACKING OF A PRIVATE MOTOR
7 VEHICLE OR ITS USERS. THIS STATE, ANY AGENCY OF THIS STATE, OR ANY
8 POLITICAL SUBDIVISION OF THIS STATE SHALL NOT IMPLEMENT OR ACCEPT
9 ANY GRANTS OR FUNDS TO IMPLEMENT ANY STUDY OR PILOT PROJECT FOR A
10 VEHICLE-MILES-TRAVELED TAX, MILEAGE-BASED USER FEE, GLOBAL-
11 POSITIONING-SATELLITE-BASED TOLL, OR SIMILAR PROGRAM.

12 (11) ~~(12)~~As used in this section:

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

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