



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 1080 (as introduced 9-23-14)
Sponsor: Senator Dave Robertson
Committee: Finance

Date Completed: 12-2-14

CONTENT

The bill would amend the General Sales Tax Act to exempt the purchase or receipt of gasoline or diesel fuel from a sales tax prepayment requirement, under any of the following circumstances:

- **The purchase or receipt was made within a bulk transfer/terminal system.**
- **The purchase or receipt was made within this State for shipment and subsequent sale within the State and both the seller and the purchaser or receiver were refiners, pipeline terminal operators, or marine terminal operators.**
- **The purchase or receipt was made within this State for shipment and subsequent sale outside the State.**

The Act requires a purchaser or receiver of gasoline or diesel fuel, at the time of purchase or shipment from a refiner, pipeline terminal operator, or marine terminal operator, to prepay a portion of the sales tax to the refiner, pipeline terminal operator, or marine terminal operator. If the purchase or receipt is made outside the State for shipment and subsequent sale within Michigan, the purchaser or receiver, other than a refiner, pipeline terminal operator, or marine terminal operator, must make the prepayment directly to the Department of Treasury, on a monthly basis according to a schedule in the Act.

A person that makes a prepayment to another person as required may claim an estimated prepayment credit on its regular monthly return filed under the Act.

The bill would make exceptions to the prepayment requirements, as listed above. The bill would define "bulk transfer/terminal system" as a motor fuel distribution system consisting of refineries, pipelines, marine vessels, and terminals. Motor fuel would be in a bulk transfer/terminal system if it were in a refinery, pipeline, terminal, or marine vessel transporting motor fuel to a refinery or terminal. Motor fuel would not be in a bulk transfer/terminal system if it were in a fuel storage facility, including a bulk plant that was not part of a refinery or terminal, in the fuel supply tank of any engine or motor vehicle, in a marine vessel transporting motor fuel to a fuel storage facility that was not in a bulk transfer/terminal system, or in any tank car, rail car, trailer, truck, or other equipment suitable for ground transportation.

"Bulk plant" would mean a motor fuel storage and distribution facility that is not a terminal and from which motor fuel may be withdrawn by a tank wagon, a transport truck, or a marine vessel. "Bulk transfer" would mean a transfer of motor fuel from one location to another by pipeline tender or marine delivery within a bulk transfer/terminal system, including all of the following:

- A marine vessel movement of motor fuel from a refinery or terminal to a terminal.
- Pipeline movement of motor fuel from a refinery or terminal to a terminal.
- Book transfers of motor fuel within a terminal between licensed suppliers before completion of removal across the terminal rack.
- Two-party exchanges between licensed suppliers.

The bill also would include "transmix" in the definition of "gasoline".

MCL 205.56a

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have a negligible impact on General Fund and School Aid Fund revenue by potentially affecting the timing of certain payments and/or refunds, as well as altering the cash flow associated with the sales tax on motor fuels.

Fiscal Analyst: David Zin

S1314\S1080sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.