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BILL



ANALYSIS

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House Bill 4153 (as passed by the House)
Sponsor: Representative Mike Shirkey
House Committee: Transportation and Infrastructure
Senate Committee: Transportation

Date Completed: 2-25-13

CONTENT

The bill would amend the General Sales Tax Act to provide an effective date of April 1, 2013, regarding changes to prepayment of fuel tax scheduled to take effect on March 28, 2013.

The Act requires the purchaser or receiver of gasoline to prepay a portion of the sales tax. Under amendments enacted by Public Act 509 of 2012, the prepayment requirement is extended to diesel fuel; the Department of Treasury is required to determine the prepayment rate on a monthly basis (instead of every three months, as a rule); and credit is allowed for a person making a prepayment to another person for diesel fuel, as allowed for gasoline. These amendments will take effect on March 28, 2013.

The bill would re-enact current language that requires purchasers or receivers of gasoline to make prepayments at the time of purchase to the refiner, pipeline terminal operator, or marine terminal operator that provided the gasoline. If the purchase or receipt of gasoline is made outside of the State, for shipment to and sale within the State, the purchaser must direct any prepayment to the Department. This prepayment calculation must be based on 6% of the statewide average retail price of one gallon of self-serve unleaded gasoline, rounded up to the nearest 1/10 of 1 cent. Under the bill, these provisions would apply through March 31, 2013.

The provisions added by Public Act 509, which are virtually the same as the current provisions but apply to both gasoline and diesel fuel, would be effective April 1, 2013. (The prepayment calculation for gasoline remains the same, and the prepayments for diesel fuel must be based on 6% of the statewide average retail price of a gallon of undyed No. 2 ultra-low sulfur diesel fuel.)

The bill also would re-enact a current requirement that the Department determine the rate of gasoline tax prepayments, every three months, unless the Department certifies that the change in the statewide average retail price of one gallon of gasoline has been less than 10% since the last rate went into effect. This requirement would apply through March 31, 2013.

Under the 2012 amendments, the Department is required to determine fuel prepayment rates on a monthly basis. The Department also must to publish notice of fuel prepayment rates by the 10th day of the month before the month in which the rate will take effect. Under the bill, these requirements would take effect April 1, 2013.

The Act provides that a person who makes prepayment to another person for fuel may claim an estimated prepayment credit in certain circumstances. Under the 2012 amendments, prepayment credits claimed with the return due in January 2013 will be based on the taxpayer's retail sales of diesel fuel in March 2013. The bill would change these dates. Prepayment claims that had a return due in April 2013 would be based on retail sales of diesel fuel in March 2013.

The recent amendments also provide that repayment of the credit claimed on the return due in January 2013 must be made by the earlier of the date that the taxpayer stops selling diesel fuel or July 15, 2013. The bill would change these dates. The repayment of the credit claimed on the return due in April 2013 would have to be made by the earlier of the date that the taxpayer stopped selling diesel fuel or October 15, 2013.

MCL 205.56a

Legislative Analyst: Glenn Steffens

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: David Zin

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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.