

HOUSE BILL No. 4601

May 14, 2015, Introduced by Rep. Rutledge and referred to the Committee on Tax Policy.

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), **AS**
5 **FOLLOWS:**

6 (i) **THROUGH DECEMBER 31, 2015, 19 cents per gallon on**
7 **gasoline.**

8 (ii) **BEGINNING JANUARY 1, 2016 AND THROUGH DECEMBER 31, 2016,**
9 **24 CENTS PER GALLON ON GASOLINE.**

10 (iii) **BEGINNING JANUARY 1, 2017 AND THROUGH DECEMBER 31, 2017,**

1 29 CENTS PER GALLON ON GASOLINE.

2 (iv) BEGINNING JANUARY 1, 2018, 34 CENTS PER GALLON ON
3 GASOLINE.

4 (b) Except as otherwise provided in subdivision (d), AS
5 FOLLOWS:

6 (i) THROUGH DECEMBER 31, 2015, 15 cents per gallon on diesel
7 fuel.

8 (ii) BEGINNING JANUARY 1, 2016 AND THROUGH DECEMBER 31, 2016,
9 24 CENTS PER GALLON ON DIESEL FUEL.

10 (iii) BEGINNING JANUARY 1, 2017 AND THROUGH DECEMBER 31, 2017,
11 29 CENTS PER GALLON ON DIESEL FUEL.

12 (iv) BEGINNING JANUARY 1, 2018, 34 CENTS PER GALLON ON DIESEL
13 FUEL.

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

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

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

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

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

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

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

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

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

23 (d) That the tax imposed by this act be collected and paid at
24 those times, in the manner, and by those persons specified in this
25 act.

26 (6) Bills of lading and invoices shall identify the blended
27 product and the correct fuel product code. The motor fuel tax rate

1 for each product shall be listed separately on each invoice.
2 Licensees shall report the correct fuel product code for the
3 blended product as required by the department. When fuel is blended
4 below the terminal rack, new bills of lading and invoices shall be
5 generated and submitted to the department upon request. All bills
6 of lading and invoices shall meet the requirements provided under
7 this act.

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

16 (8) If the tax on gasoline that contains at least 70% ethanol
17 or diesel fuel that contains at least 5% biodiesel held in storage
18 outside of the bulk transfer/terminal system on ~~the effective date~~
19 ~~of the amendatory act that added this subsection~~ **SEPTEMBER 1, 2006**
20 has previously been paid at the rates imposed by subsection (1)(a)
21 and (b), the person who paid the tax may claim a refund for the
22 difference between the rates imposed by subsection (1)(a) and (b)
23 and the rates imposed by subsection (1)(c) and (d). All of the
24 following shall apply to a refund claimed under this subsection:

25 (a) The refund shall be claimed on a form prescribed by the
26 department.

27 (b) The refund shall apply only to:

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

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

7 (9) A refund request shall be filed within 60 days after ~~the~~
8 ~~last day of the month in which the amendatory act that added this~~
9 ~~subsection took effect.~~ **SEPTEMBER 30, 2006.** A taxpayer shall
10 provide documentation that the department requires in order to
11 verify the request for refund. A person who may claim a refund
12 under subsection (8) shall do all of the following to claim the
13 refund:

14 (a) Not later than 12 a.m. on ~~the effective date of the~~
15 ~~amendatory act that added this subsection,~~ **SEPTEMBER 1, 2006,** take
16 an inventory of gasoline containing at least 70% ethanol or undyed
17 diesel fuel containing at least 5% biodiesel.

18 (b) Deduct 3,000 gallons if the person claiming the refund is
19 an end user.

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

23 (10) Beginning on ~~the effective date of the amendatory act~~
24 ~~that added this subsection,~~ **SEPTEMBER 1, 2006,** the state treasurer
25 shall annually determine, for the 12-month period ending May 1 and
26 for any additional times that the treasurer may determine, the
27 difference between the amount of motor fuel tax collected and the

1 amount of motor fuel tax that would have been collected but for the
2 differential rates on gasoline pursuant to subsection (1)(c) and
3 biodiesel pursuant to subsection (1)(d). Subsection (1)(c) and (d)
4 is no longer effective the earlier of ~~10 years after the effective~~
5 ~~date of the amendatory act that added this subsection~~ **SEPTEMBER 1,**
6 **2016** or the first day of the first month that is not less than 90
7 days after the state treasurer certifies that the total cumulative
8 rate differential from ~~the effective date of this amendatory act~~
9 **SEPTEMBER 1, 2006** is greater than \$2,500,000.00.

10 (11) The legislature shall annually appropriate to the
11 Michigan transportation fund created in **SECTION 10 OF** 1951 PA 51,
12 ~~MCL 247.651 to 247.675,~~ **MCL 247.660**, the amount determined as the
13 rate differential certified by the state treasurer for the 12-month
14 period ending on May 1 of the calendar year in which the fiscal
15 year begins. Subsection (1)(c) and (d) ~~shall~~ **IS** not ~~be~~ effective
16 beginning January of any fiscal year for which the appropriation
17 required under this subsection has not been made by the first day
18 of the fiscal year.

19 (12) As used in this section:

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

26 (b) "Ethanol" means denatured fuel ethanol that is suitable
27 for use in a spark-ignition engine when mixed with gasoline so long

- 1 as the mixture meets the American society for testing and materials
- 2 D-5798 specifications.