

HOUSE BILL No. 4698

June 6, 2017, Introduced by Rep. Wentworth and referred to the Committee on Tax Policy.

A bill to amend 2000 PA 403, entitled
"Motor fuel tax act,"
by amending section 2 (MCL 207.1002), as amended by 2015 PA 176.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

2 (a) "Alcohol" means fuel grade ethanol or a mixture of fuel
3 grade ethanol and another product.

4 (b) "Blendstock" means and includes any petroleum product
5 component of motor fuel, such as naphtha, reformat, or toluene; or
6 any oxygenate that can be blended for use in a motor fuel.

7 (c) "Blended motor fuel" means a mixture of motor fuel and
8 another liquid, other than a de minimis amount of a product
9 including, but not limited to, carburetor detergent or oxidation
10 inhibitor, that can be used as motor fuel in a motor vehicle.

11 (d) "Blender" means and includes any person who produces

1 blended motor fuel outside of the bulk transfer/terminal system.

2 (e) "Blends" or "blending" means the mixing of 1 or more
3 petroleum products, with or without another product, regardless of
4 the original character of the product blended, if the product
5 obtained by the blending is capable of use in the generation of
6 power for the propulsion of a motor vehicle, an airplane, or a
7 marine vessel. Blending does not include mixing that occurs in the
8 process of refining by the original refiner of crude petroleum or
9 the blending of products known as lubricating oil in the production
10 of lubricating oils and greases.

11 (f) "Bulk end user" means a person who receives into the
12 person's own storage facilities by transport truck or tank wagon
13 motor fuel for the person's own consumption.

14 (g) "Bulk plant" means a motor fuel storage and distribution
15 facility that is not a terminal and from which motor fuel may be
16 withdrawn by a tank wagon, a transport truck, or a marine vessel.

17 (h) "Bulk transfer" means a transfer of motor fuel from 1
18 location to another by pipeline tender or marine delivery within
19 the bulk transfer/terminal system, including, but not limited to,
20 all of the following transfers:

21 (i) A marine vessel movement of motor fuel from a refinery or
22 terminal to a terminal.

23 (ii) Pipeline movements of motor fuel from a refinery or
24 terminal to a terminal.

25 (iii) Book transfers of motor fuel within a terminal between
26 licensed suppliers before completion of removal across the terminal
27 rack.

1 (iv) Two-party exchanges between licensed suppliers.

2 (i) "Bulk transfer/terminal system" means the motor fuel
3 distribution system consisting of refineries, pipelines, marine
4 vessels, and terminals. Motor fuel in a refinery, pipeline,
5 terminal, or a marine vessel transporting motor fuel to a refinery
6 or terminal is in the bulk transfer/terminal system. Motor fuel in
7 a fuel storage facility including, but not limited to, a bulk plant
8 that is not part of a refinery or terminal, in the fuel supply tank
9 of any engine or motor vehicle, in a marine vessel transporting
10 motor fuel to a fuel storage facility that is not in the bulk
11 transfer/terminal system, or in any tank car, rail car, trailer,
12 truck, or other equipment suitable for ground transportation is not
13 in the bulk transfer/terminal system.

14 (j) "Carrier" means an operator of a pipeline or marine vessel
15 engaged in the business of transporting motor fuel above the
16 terminal rack.

17 (k) "Commercial motor vehicle" means a motor vehicle licensed
18 as a qualified commercial motor vehicle under the motor carrier
19 fuel tax act, 1980 PA 119, MCL 207.211 to 207.234, or a motor
20 vehicle licensed under an international fuel tax agreement under
21 section 2a of the motor carrier fuel tax act, 1980 PA 119, MCL
22 207.212a.

23 (l) "Consumer price index" means United States consumer price
24 index for all urban consumers as defined and reported by the United
25 States Department of Labor, Bureau of Labor Statistics.

26 (m) "Dead storage" is the amount of motor fuel that cannot be
27 pumped out of a motor fuel storage tank because the motor fuel is

1 below the mouth of the tank's draw pipe. The amount of motor fuel
2 in dead storage is 200 gallons for a tank with a capacity of less
3 than 10,000 gallons and 400 gallons for a tank with a capacity of
4 10,000 gallons or more.

5 (n) "Denaturants" means gasoline, natural gasoline, gasoline
6 components, or toxic or noxious materials added to fuel grade
7 ethanol to make it unsuitable for beverage use but not unsuitable
8 for automotive use.

9 (o) "Department" means the department of treasury or its
10 designee.

11 (p) "Destination state" means a state, Canadian province or
12 territory, or foreign country to which motor fuel is directed for
13 export.

14 (q) "Diesel fuel" means any liquid other than gasoline that is
15 capable of use as a fuel or a component of a fuel in a motor
16 vehicle that is propelled by a diesel-powered engine or in a
17 diesel-powered train. Diesel fuel includes number 1 and number 2
18 fuel oils, kerosene, dyed diesel fuel, and mineral spirits. Diesel
19 fuel also includes any blendstock or additive that is sold for
20 blending with diesel fuel, any liquid prepared, advertised, offered
21 for sale, sold for use as, or used in the generation of power for
22 the propulsion of a diesel-powered engine, airplane, or marine
23 vessel. An additive or blendstock is presumed to be sold for
24 blending unless a certification is obtained for federal purposes
25 that the substance is for a use other than blending for diesel
26 fuel. Diesel fuel does not include an excluded liquid. **DIESEL FUEL**
27 **DOES NOT INCLUDE NUMBER 5 FUEL OIL, NUMBER 6 FUEL OIL, AND FUEL**

1 OILS COMMONLY SOLD OR REFERRED TO AS BUNKER FUEL, BUNKER C, OR NAVY
2 SPECIAL, AS DETERMINED BY THE DEPARTMENT.

3 (r) "Dyed diesel fuel" means diesel fuel that is dyed in
4 accordance with ~~internal revenue service~~ **INTERNAL REVENUE SERVICE**
5 rules or pursuant to any other ~~internal revenue service~~ **INTERNAL**
6 **REVENUE SERVICE** requirements, including any invisible marker
7 requirements.

8 (s) "Eligible purchaser" means a person who has been
9 authorized by the department under section 75 to make an election
10 under section 74.

11 (t) "Excluded liquid" means that term as defined in 26 CFR
12 48.4081-1.

13 (u) "Export" means to obtain motor fuel in this state for sale
14 or other distribution outside of this state. Motor fuel delivered
15 outside of this state by or for the seller constitutes an export by
16 the seller and motor fuel delivered outside of this state by or for
17 the purchaser constitutes an export by the purchaser.

18 (v) "Exporter" means a person who exports motor fuel.