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House Bill 5379 (Substitute H-1 as passed by the House)  
House Bill 5747 (as passed by the House)  
Sponsor: Representative Jenn Hill  
House Committee: Transportation, Mobility, and Infrastructure  
Senate Committee: Transportation and Infrastructure

Date Completed: 10-7-24

## **CONTENT**

**House Bill 5379 (H-1) would amend Public Act (PA) 124 of 1960, which establishes the Michigan Highway Reciprocity Board, to do the following:**

- **Modify the definition of "qualified fuel tax reciprocity agreement" to increase, from 30 air miles to not more than 50 air miles from the State's border, the range within which a qualified motor vehicle could operate.**
- **Modify the definition of "qualified commercial vehicle".**

**House Bill 5747 would amend the Motor Carrier Fuel Tax Act to modify the definition of "qualified commercial vehicle" to make the same changes proposed by House Bill 5379 (H-1).**

The bills are tie-barred. House Bill 5379 (H-1) is described in greater detail below.

### **House Bill 5379 (H-1)**

Among other things, PA 124 of 1960 allows the Department of Treasury to enter into qualified fuel tax reciprocity agreements that the Department considers proper or expedient and in the interests of the people of the State, with the proper authorities of other jurisdictions, either individually or with a group of jurisdictions. The Department of Treasury has the sole authority to enter into qualified fuel tax reciprocity agreements.

Currently, "qualified fuel tax reciprocity agreement" means a compact, agreement, or arrangement that, in exchange for reciprocal treatment for a motor carrier, or a class or category of motor carrier, from the State in another jurisdiction, allows a motor carrier, or a class or category of motor carrier, from the other jurisdiction to operate or cause to be operated a qualified commercial motor vehicle on a public highway in the State for the purpose of carrying raw forest products to a sawmill or factory within 30 air miles of the border of the State without doing any of the following:

- Carrying, obtaining, or displaying a license, decal, permit, or other credentials otherwise required by the International Fuel Tax Agreement (IFTA)<sup>1</sup> or the Motor Carrier Fuel Tax Act.<sup>2</sup>

<sup>1</sup> All 48 states in the continental United States and all 10 of the Canadian provinces participate in the IFTA. Any person operating qualified motor vehicles interstate must have valid IFTA credentials: one license and a set of decals for each qualified motor vehicle. These credentials must be renewed annually and are valid from January 1<sup>st</sup> to December 31<sup>st</sup> of each year.

<sup>2</sup> Generally, the Act requires the Revenue Division of the Department of Treasury to issue to each licensed motor carrier two decals for each qualified commercial motor vehicle.

- Paying, reporting, or filing returns for taxes imposed by or subject to the International Fuel Tax Agreement, the Motor Carrier Fuel Tax Act<sup>3</sup>, or Section 5 of the Streamlined Sales and Use Tax Revenue Equalization Act.<sup>4</sup>

The bill would modify this definition to increase, from 30 air miles to *not more than 50* air miles, the maximum distance from the State's border that an agreement could encompass.

Under PA 124 of 1960, "qualified commercial motor vehicle" means a motor vehicle used, designed, or maintained for transportation of persons or property and one of the following:

- Having three or more axles regardless of weight.
- Having two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds or 12,000 kilograms.
- Is used in a combination of vehicles, if the weight of that combination exceeds 26,000 pounds or 12,000 kilograms gross vehicle or registered gross vehicle weight.

The bill would modify this definition to change, from 12,000 kilograms to 11,797 kilograms, the kilograms equivalent to 26,000 pounds, which would match the IFTA's parameters.

MCL 3.163 (H.B. 5379)  
207.211 (H.B. 5747)

Legislative Analyst: Abby Schneider

## **FISCAL IMPACT**

### **House Bill 5379 (H-1)**

The bill would not have a significant fiscal impact on the Department of Treasury. While the bill would permit the Department to negotiate agreements pertaining to the transportation of raw forest products to a sawmill or factory up to 50 air miles within Michigan's borders, rather than less than 30 air miles as in current law, it would not require the Department to undertake any negotiations. It is possible that a significant increase in agreements would result in an increased need for staff or resources within the Department, but it is more likely that current staff and appropriation levels would be adequate to manage these negotiations and conduct administrative activities related to any tax changes.

### **House Bill 5747**

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

Fiscal Analyst: Bobby Canell  
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<sup>3</sup> Generally, the Act requires each motor carrier licensed under the Act to pay a road tax calculated on the amount of motor and alternative fuel consumed by qualified commercial motor vehicles on the State's public roads or highways. The tax rate equals 15 cents per gallon.

<sup>4</sup> Section 5 of the Act levies a tax for the use or consumption of motor fuel and alternative fuel by each interstate motor carrier. Generally, the tax equals a cents-per-gallon rate equal to 6% of the Statewide average retail price of a gallon of the specific fuel, as applicable. This tax must be collected under the IFTA. An interstate motor carrier from which the tax is collected may be credited 6% of the price of fuel purchased in the State, which must be claimed on returns filed under the IFTA.

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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.