

MOTOR CARRIER FUEL TAX ACT (EXCERPT)
Act 119 of 1980

207.218 Leased commercial motor vehicle subject to act; lessor as motor carrier; exclusion by lessee of commercial motor vehicles from reports and liabilities; consolidated reports; primary liability; joint and several liability; limitation on aggregate taxes; international fuel tax agreement registration.

Sec. 8. (1) Every qualified commercial motor vehicle leased to a motor carrier is subject to this act to the same extent and in the same manner as a qualified commercial motor vehicle owned by a motor carrier.

(2) A lessor of qualified commercial motor vehicles may be considered a motor carrier with respect to qualified commercial motor vehicles leased to others, if the lessor supplies or pays for the motor fuel or alternative fuel consumed by the vehicles or bills rental or other charges calculated to include the cost of motor fuel or alternative fuel. A lessee motor carrier may exclude a qualified commercial motor vehicle leased from others from the reports and liabilities required by this act if that qualified commercial motor vehicle has been leased from a lessor who is a motor carrier under this act and the lease agreement provides for the lessor to pay the cost of motor fuel or alternative fuel and motor fuel or alternative fuel taxes.

(3) Upon application by a licensed motor carrier, the department may authorize a licensed motor carrier leasing qualified commercial motor vehicles from 2 or more lessors to file consolidated reports for these lessors.

(4) This section governs the primary liability under this act of lessors and lessees of qualified commercial motor vehicles. For tax liabilities incurred before April 1, 2005, if a lessor or lessee primarily liable fails, in whole or in part, to discharge his or her liability, the failing party and the other lessor or lessee party to the transaction are jointly and severally responsible and liable for compliance with this act and for the payment of tax due. However, the aggregate of taxes collected from a lessor and lessee by this state under this act shall not exceed the total amount of taxes due and costs and penalties imposed.

(5) For tax liabilities arising after April 1, 2005, if a lease agreement identifies a party responsible for the payment of taxes, the nonresponsible party under the lease shall obtain a copy of the responsible party's valid international fuel tax agreement registration and keep the copy on file. If the nonresponsible party does not obtain a copy of the responsible party's valid international fuel tax agreement registration and the responsible party fails in whole or in part to discharge his or her liability, then the responsible and nonresponsible parties are jointly and severally responsible and liable for compliance with this act and payment of tax due. If the lease agreement does not identify the party responsible for payment of fuel taxes under this act, then both parties are jointly and severally responsible and liable for compliance with this act and payment of tax due. However, the aggregate of taxes collected from a lessor and lessee by this state under this act shall not exceed the total amount of taxes due and costs and penalties imposed. If the nonresponsible party under the lease maintains a copy of the responsible party's valid international fuel tax agreement registration on file, the nonresponsible party has no responsibility or liability for compliance with this act or payment of any taxes, costs, or penalties due under this act relating to the motor fuel or alternative fuel consumed under the lease.

History: 1980, Act 119, Imd. Eff. May 14, 1980;—Am. 1996, Act 584, Eff. Mar. 31, 1997;—Am. 2004, Act 472, Imd. Eff. Dec. 28, 2004;—Am. 2006, Act 449, Imd. Eff. Dec. 14, 2006;—Am. 2015, Act 178, Eff. Jan. 1, 2017.

Compiler's note: Enacting section 2 of Act 475 of 2014 provides:

"Enacting section 2. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963."

House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 475 of 2014 does not go into effect.