



SENATE BILL No. 876

February 21, 1996, Introduced by Senators HOFFMAN, DE GROW, V. SMITH, YOUNG, CHERRY, SCHWARZ, GEAKE and STEIL and referred to the Committee on Appropriations.

A bill to amend sections 2, 29, and 34 of Act No. 150 of the Public Acts of 1927, entitled as amended

"An act to prescribe a privilege tax for the use of the public highways by owners and drivers of motor vehicles by imposing a specific tax upon the sale or use, within the state of Michigan, of motor fuel; to prescribe the manner and the time of paying this tax and the duties of officials and others respecting the payment and collection of this tax; to provide for the licensing of wholesale distributors, certain retail dealers, exporters, and suppliers as defined in this act; to fix a time when this tax and interest and penalties thereon become a lien upon the property of persons, firms, partnerships, associations, or corporations, subject to the payment of this tax; to provide for the enforcement of this lien; to permit the inspection and testing of petroleum products; to provide for certain exemptions and refunds and for the disposition of the proceeds of this tax; and to prescribe penalties for the violation of this act,"

section 2 as amended by Act No. 225 of the Public Acts of 1992, section 29 as amended by Act No. 70 of the Public Acts of 1985, and section 34 as amended by Act No. 437 of the Public Acts of 1982, being sections 207.102, 207.129, and 207.134 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 2, 29, and 34 of Act No. 150 of the
2 Public Acts of 1927, section 2 as amended by Act No. 225 of the
3 Public Acts of 1992, section 29 as amended by Act No. 70 of the
4 Public Acts of 1985, and section 34 as amended by Act No. 437 of
5 the Public Acts of 1982, being sections 207.102, 207.129, and
6 207.134 of the Michigan Compiled Laws, are amended to read as
7 follows:

8 Sec. 2. (1) A specific tax at a rate of cents per gallon
9 determined under subsection (2) ~~or (3)~~ is imposed on all gaso-
10 line and diesel motor fuel sold or used in producing or generat-
11 ing power for propelling motor vehicles used upon the public
12 roads and highways in this state. The tax shall be paid at those
13 times, in the manner, and by those persons specified in this
14 act. It is the intent of this act to impose a tax upon the
15 owners and drivers of motor vehicles using an internal combustion
16 type of engine upon the public roads and highways of this state
17 by requiring them to pay for the privilege of using the public
18 roads and highways of this state, in addition to the motor vehi-
19 cle license tax.

20 ~~(2) Beginning January 1, 1983, and ending December 31,~~
21 ~~1984, the tax rate imposed under subsection (1) for each 12 month~~
22 ~~period after December 31, 1982, shall be 11 cents per gallon or~~
23 ~~the tax rate calculated by the state commissioner of revenue as~~
24 ~~follows, with the final result of the calculation being rounded~~
25 ~~to the nearest 1/10 of a cent, whichever is the greater.~~

1 ~~(a) The latest available maintenance index figure for the~~
2 ~~most recent preceding calendar year for which a maintenance index~~
3 ~~figure is available shall be divided by the maintenance index~~
4 ~~figure for 1980.~~

5 ~~(b) The gallonage figure for the fiscal year ending~~
6 ~~September 30, 1980, shall be divided by the gallonage figure for~~
7 ~~the fiscal year preceding the 12 month period for which the tax~~
8 ~~is being calculated.~~

9 ~~(c) The quotient derived in subdivision (a) shall be multi-~~
10 ~~plied by the quotient derived in subdivision (b).~~

11 ~~(d) The product derived in subdivision (c) shall be multi-~~
12 ~~plied by 12 cents.~~

13 (2) ~~(3)~~ Beginning January 1, 1985, the tax rate imposed
14 under subsection (1) shall be ~~the tax rate imposed for the~~
15 ~~12 month period ending December 31, 1984~~ 15 CENTS PER GALLON.

16 ~~(4) Notwithstanding any other provision of this section, if~~
17 ~~the United States department of transportation, federal highway~~
18 ~~administration, materially alters the component parts of the~~
19 ~~highway maintenance and operation index described in subsection~~
20 ~~(8), the tax rate imposed under subsection (1) using the formula~~
21 ~~prescribed by subsection (2) shall not change from the tax rate~~
22 ~~imposed under subsection (1) immediately preceding the~~
23 ~~alteration.~~

24 (3) ~~(5) Notwithstanding any other provision of this~~
25 ~~section~~ EXCEPT AS OTHERWISE PERMITTED BY THIS SECTION, the tax
26 rate imposed under subsection (1) for a 12-month period shall not

1 be more than 2 cents greater than the tax rate imposed for the
2 previous 12-month period.

3 (4) ~~(6)~~ The state commissioner of revenue shall notify
4 each supplier, wholesale distributor, and each retail dealer of
5 gasoline in this state of the tax rate imposed under subsection
6 (1) immediately after the tax rate is determined.

7 ~~(7) By June 30, 1993, the department shall submit a report~~
8 ~~to the senate finance and house taxation committees with its rec-~~
9 ~~ommendations on the most appropriate manner in which to tax vehi-~~
10 ~~cles propelled on the highways of this state by alternative~~
11 ~~fuels.~~

12 ~~(8) As used in this section:~~

13 ~~(a) "Gallonage figure" means the number of gallons of gaso-~~
14 ~~line, alcohol gasoline fuel, liquefied petroleum gas, diesel~~
15 ~~motor fuel, and any other fuel taxed under this act during a des-~~
16 ~~ignated year.~~

17 ~~(b) "Maintenance index figure" means the maintenance index~~
18 ~~total for a designated year as reported in the highway mainte-~~
19 ~~nance and operation index published annually by the United States~~
20 ~~department of transportation, federal highway administration;~~
21 ~~cost trends highway maintenance and operation.~~

22 (5) A COUNTY BOARD OF COMMISSIONERS BY RESOLUTION ADOPTED
23 MAY SUBMIT TO THE ELECTORS OF THE COUNTY THE QUESTION OF WHETHER
24 TO INCREASE THE TAX LEVIED BY THIS SECTION IN THAT COUNTY. A TAX
25 APPROVED BY THE ELECTORS AND LEVIED BY A COUNTY UNDER THIS SUB-
26 SECTION SHALL TAKE EFFECT THE FIRST OF THE MONTH FOLLOWING
27 APPROVAL BY THE ELECTORS. THE TAX SHALL BE LEVIED, COLLECTED,

1 AND REMITTED TO THE COMMISSIONER IN THE SAME MANNER AS THE STATE
2 TAX LEVIED BY THIS SECTION. AFTER DEDUCTING THE ADMINISTRATIVE
3 COSTS OF COLLECTION, THE COMMISSIONER SHALL REMIT THE PROCEEDS TO
4 THE COUNTY. THE COUNTY SHALL USE THE PROCEEDS FROM THE TAX IN
5 THE MANNER REQUIRED BY SECTION 9 OF ARTICLE IX OF THE STATE CON-
6 STITUTION OF 1963.

7 Sec. 29. The tax OR TAXES provided by ~~this chapter~~
8 SECTION 2 shall be imposed instead of all other taxes imposed or
9 to be imposed upon the sale or use of diesel motor fuel by the
10 state or a political subdivision of the state, except the taxes
11 imposed by THE GENERAL SALES TAX ACT, Act No. 167 of the Public
12 Acts of 1933, ~~as amended,~~ being sections 205.51 to 205.78 of
13 the Michigan Compiled Laws, THE USE TAX ACT, Act No. 94 of the
14 Public Acts of 1937, ~~as amended,~~ being sections 205.91 to
15 205.111 of the Michigan Compiled Laws, and the motor carrier fuel
16 ~~use~~ tax act, ACT NO. 119 OF THE PUBLIC ACTS OF 1980, BEING SEC-
17 TIONS 207.211 TO 207.235 OF THE MICHIGAN COMPILED LAWS. The
18 exception for taxes imposed by Act No. 167 of the Public Acts of
19 1933, ~~as amended,~~ and Act No. 94 of the Public Acts of 1937,
20 ~~as amended,~~ shall not apply to diesel motor fuel used in pas-
21 senger vehicles of a capacity of 10 or more operated for hire
22 under a certificate issued by the department of transportation.

23 Sec. 34. All sums of money received and collected under
24 this act, except the license fees provided for in this act AND
25 THE PROCEEDS FROM A TAX LEVIED BY A COUNTY UNDER SECTION 2, and
26 after the payment of necessary expenses incurred in the
27 enforcement of this act, are appropriated to and shall be

1 deposited in the state treasury to the credit of the Michigan
2 transportation fund, and thereafter shall be appropriated, allo-
3 cated, and apportioned therefrom to the state transportation
4 department, the several county road commissions, and the incorpo-
5 rated cities and villages of the state in the manner and for the
6 specific transportation purposes prescribed by law.