

# Legislative Analysis

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## EXEMPT CERTAIN FUEL FROM MOTOR FUEL TAX

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**House Bill 5039 reported from committee as (H-1)**  
**Sponsor: Rep. Jason Wentworth**  
**Committee: Tax Policy**  
**Complete to 10-11-17**

Analysis available at  
<http://www.legislature.mi.gov>

### ***SUMMARY:***

HB 5039 would amend the Motor Fuel Tax Act (MCL 207.1030) to exempt certain types of fuel from the motor fuel tax.

The exempt fuel would include number 5 fuel oil, number 6 fuel oil, or fuel oil commonly sold or referred to as bunker C or navy special, as determined by the Department of Treasury.

### ***FISCAL IMPACT:***

As written, the bill would substitute a sales tax exemption for an existing refund against sales taxes paid on these types of fuels. Because these refund submissions are routinely approved by the Department of Treasury, any resulting fiscal impact is expected to be minor. It's possible that a small revenue loss could occur for taxpayers that receive the exemption but that did not apply for refunds, but any reduction would be expected to be negligible.

### ***DISCUSSION:***

As noted above, the bill would replace a tax refund with a tax exemption. The Motor Fuel Tax Act provides for specific refunds against the tax, and the fuels listed in the bill currently qualify for a refund (they are used for nonhighway purposes). According to the bill's supporters, the up-front exemption will reduce administrative burdens both for business owners and the department, and will support business owners as they will no longer need to collect, remit, and seek a refund for the tax paid.

### ***POSITIONS:***

A representative of the Department of Treasury testified in support of the bill. (10-4-17)  
No individuals or organizations expressed opposition to the bill.

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