

**SUBSTITUTE FOR
HOUSE BILL NO. 5570**

A bill to amend 2000 PA 403, entitled
"Motor fuel tax act,"
by amending sections 8 and 152 (MCL 207.1008 and 207.1152), as
amended by 2015 PA 176.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 8. (1) Except as otherwise provided in this act and
2 subject to the exemptions provided for in this act, tax is imposed
3 on motor fuel imported into or sold, delivered, or used in this
4 state at the following rates:

5 (a) Except as otherwise provided in subdivision (c) **or (d)**, as
6 follows:

7 (i) Through December 31, 2016, 19 cents per gallon on gasoline.

8 (ii) Beginning January 1, 2017, 26.3 cents per gallon on



1 gasoline.

2 (b) Except as otherwise provided in subdivision (c) **or (d)**, as
3 follows:

4 (i) Through December 31, 2016, 15 cents per gallon on diesel
5 fuel.

6 (ii) Beginning January 1, 2017, 26.3 cents per gallon on diesel
7 fuel.

8 (c) Beginning with the rate effective on January 1, 2022 and
9 January 1 of each year thereafter, the department shall determine a
10 cents-per-gallon rate on motor fuel that shall be derived by
11 multiplying the cents-per-gallon rate in effect during the
12 immediately preceding calendar year by 1 plus the lesser of 0.05 or
13 the inflation rate and rounding up the product to the nearest 1/10
14 of a cent. **In making this determination, the department shall not**
15 **consider subdivision (d). However, the increased rate under this**
16 **subdivision does not apply while the rate under subdivision (d)**
17 **applies.**

18 (d) **Notwithstanding subdivisions (a) to (c), beginning April**
19 **1, 2022 through September 30, 2022, the rate of tax on motor fuel**
20 **under this subsection shall be zero cents per gallon.**

21 (2) Tax ~~shall is~~ not ~~be~~ imposed under this section on motor
22 fuel that is in the bulk transfer/terminal system.

23 (3) The collection, payment, and remittance of the tax imposed
24 by this section shall be accomplished in the manner and at the time
25 provided for in this act.

26 (4) Tax is also imposed at the rate described in subsection
27 (1) on net gallons of motor fuel, including transmix, lost or
28 unaccounted for, at each terminal in this state. The tax shall be
29 measured annually and shall apply to the net gallons of motor fuel



1 lost or unaccounted for that are in excess of 1/2 of 1% of all net
2 gallons of fuel removed from the terminal across the rack or in
3 bulk.

4 (5) It is the intent of this act:

5 (a) To require persons who operate a motor vehicle on the
6 public roads or highways of this state to pay for the privilege of
7 using those roads or highways.

8 (b) To impose on suppliers a requirement to collect and remit
9 the tax imposed by this act at the time of removal of motor fuel
10 unless otherwise specifically provided in this act.

11 (c) To allow persons who pay the tax imposed by this act and
12 who use the fuel for a nontaxable purpose to seek a refund or claim
13 a deduction as provided in this act.

14 (d) That the tax imposed by this act be collected and paid at
15 those times, in the manner, and by those persons specified in this
16 act.

17 **(e) That end users receive the benefit of the reduction in**
18 **taxes resulting from the application of subsection (1) (d) .**

19 (6) Bills of lading and invoices ~~shall~~**must** identify the
20 blended product and the correct fuel product code. The motor fuel
21 tax rate for each product ~~shall~~**must** be listed separately on each
22 invoice. Licensees shall report the correct fuel product code for
23 the blended product as required by the department. ~~When~~**If** fuel is
24 blended below the terminal rack, new bills of lading and invoices
25 ~~shall~~**must** be generated and submitted to the department upon
26 request. All bills of lading and invoices ~~shall~~**must** meet the
27 requirements ~~provided under~~**of** this act.

28 (7) Notwithstanding any other provision of this act, a
29 facility in this state that produces motor fuel and distributes the



1 fuel from a rack for purposes of this act is a terminal, shall
2 obtain a terminal operator license, and shall comply with all
3 terminal operator reporting requirements under this act. A position
4 holder in a facility shall be licensed as a supplier and shall
5 comply with all supplier requirements under this act.

6 (8) Beginning with the rate in effect on January 1, 2022 and
7 January 1 of each year thereafter, the department shall publish
8 notice of the tax rate under this section **after application of**
9 **subsection (1) (c)** not later than 30 days before the effective date
10 of the rate **or 30 days before the date the rate would take effect**
11 **if not for the application of subsection (1) (d), whichever is**
12 **earlier.**

13 (9) A determination by the department of the ~~consumer price~~
14 ~~index~~, **Consumer Price Index**, the inflation rate, or the tax rate
15 under this section is presumed correct and shall not be set aside
16 unless an administrative tribunal or a court of competent
17 jurisdiction finds the department's determination to be clearly
18 erroneous.

19 (10) **A person other than an end user shall not enrich themselves**
20 **from a reduction in rate under subsection (1) (d), but shall pass**
21 **the reduction on to the end user.**

22 Sec. 152. (1) Except as otherwise provided in this section and
23 sections 154 and 155, a tax at the rate per gallon equal to the tax
24 on motor fuel is imposed upon all alternative fuel used in this
25 state. Except as provided in section 154 or 155, the tax shall be
26 paid at the times and in the manner specified in this section. The
27 tax on alternative fuel sold or delivered either by placing it into
28 a permanently attached fuel supply tank on a motor vehicle, or by
29 exchanging or replacing the fuel supply tank of a motor vehicle,



1 shall be collected by the alternative fuel dealer from the
2 purchaser, consumer, or end user and paid over monthly to the
3 department as provided in this act. Alternative fuel delivered in
4 this state into the storage facility of any person ~~when~~**if** the
5 exclusive purpose of the storage facility is for resale or use in a
6 motor vehicle on the public roads or highways of this state, shall,
7 upon delivery to storage facility, be subject to tax. An
8 alternative fuel dealer shall, upon delivery of the alternative
9 fuel, collect and remit the tax to the department as provided in
10 this act. A person shall not operate a motor vehicle on the public
11 roads or highways of this state from the cargo containers of a
12 truck, trailer, or semitrailer with alternative fuel in vapor or
13 liquid form, as applicable, except when the alternative fuel in the
14 liquid or vapor phase is withdrawn from the cargo container for use
15 in motor vehicles through a permanently installed and approved
16 metering device. The tax on alternative fuel withdrawn from a cargo
17 container through a permanently installed and approved metering
18 device shall apply in accordance with measured gallons or gallon
19 equivalents, if applicable, as reflected by meter reading, and
20 shall be paid monthly by the alternative fuel dealer to the
21 department as provided in this act.

22 (2) The rate of tax on the following alternative fuels shall
23 be equal to the tax on motor fuel per gallon equivalent or
24 fractional part thereof rounded to the nearest 1/10 of 1 gallon:

- 25 (a) Compressed natural gas.
- 26 (b) Hydrogen.
- 27 (c) Hydrogen compressed natural gas.
- 28 (d) Liquefied natural gas.

29 (3) The tax imposed under this section does not apply to an



1 alternative fuel commercial user described in section 154(2) until
2 January 1, 2017.

3 (4) The tax imposed under this section does not apply to a
4 person described in section 154(3) until January 1, 2018.

5 (5) **If the tax on motor fuel is zero cents per gallon under**
6 **section 8(1)(d), then the tax on alternative fuel is zero cents per**
7 **gallon equivalent.**