

**STATE OF MICHIGAN
101ST LEGISLATURE
REGULAR SESSION OF 2022**

Introduced by Reps. Steven Johnson, Beeler, Eisen, Markkanen, Martin, Allor, Borton and Bellino

ENROLLED HOUSE BILL No. 5570

AN ACT to amend 2000 PA 403, entitled "An act to prescribe a tax on the sale and use of certain types of fuel in motor vehicles on the public roads or highways of this state and on certain other types of gas; to prescribe the manner and the time of collection and payment of this tax and the duties of officials and others pertaining to the payment and collection of this tax; to provide for the licensing of persons involved in the sale, use, or transportation of motor fuel and the collection and payment of the tax imposed by this act; to prescribe fees; to prescribe certain other powers and duties of certain state agencies and other persons; to provide for exemptions and refunds and for the disposition of the proceeds of this tax; to provide for appropriations from the proceeds of this tax; to prescribe remedies and penalties for the violation of this act; and to repeal acts and parts of acts," 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:

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

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

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

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

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

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

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

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

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

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

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

(4) Tax is also imposed at the rate described in subsection (1) on net gallons of motor fuel, including transmix, lost or unaccounted for, at each terminal in this state. The tax shall be measured annually and shall apply to the net gallons of motor fuel lost or unaccounted for that are in excess of 1/2 of 1% of all net gallons of fuel removed from the terminal across the rack or in bulk.

(5) It is the intent of this act:

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

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

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

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

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

(6) Bills of lading and invoices must identify the blended product and the correct fuel product code. The motor fuel tax rate for each product must be listed separately on each invoice. Licensees shall report the correct fuel product code for the blended product as required by the department. If fuel is blended below the terminal rack, new bills of lading and invoices must be generated and submitted to the department upon request. All bills of lading and invoices must meet the requirements of this act.

(7) Notwithstanding any other provision of this act, a facility in this state that produces motor fuel and distributes the fuel from a rack for purposes of this act is a terminal, shall obtain a terminal operator license, and shall comply with all terminal operator reporting requirements under this act. A position holder in a facility shall be licensed as a supplier and shall comply with all supplier requirements under this act.

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

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

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

Sec. 152. (1) Except as otherwise provided in this section and sections 154 and 155, a tax at the rate per gallon equal to the tax on motor fuel is imposed upon all alternative fuel used in this state. Except as provided in section 154 or 155, the tax shall be paid at the times and in the manner specified in this section. The tax on alternative fuel sold or delivered either by placing it into a permanently attached fuel supply tank on a motor vehicle, or by exchanging or replacing the fuel supply tank of a motor vehicle, shall be collected by the alternative fuel dealer from the purchaser, consumer, or end user and paid over monthly to the department as provided in this act. Alternative fuel delivered in this state into the storage facility of any person if the exclusive purpose of the storage facility is for resale or use in a motor vehicle on the public roads or highways of this state, shall, upon delivery to storage facility, be subject to tax. An alternative fuel dealer shall, upon delivery of the alternative fuel, collect and remit the tax to the department as provided in this act. A person shall not operate a motor vehicle on the public roads or highways of this state from the cargo containers of a truck, trailer, or semitrailer with alternative fuel in vapor or liquid form, as applicable, except when the alternative fuel in the liquid or vapor phase is withdrawn from the cargo container for use in motor vehicles through a permanently installed and approved metering device. The tax on alternative fuel withdrawn from a cargo container through a permanently installed and approved metering device shall apply in accordance with measured gallons or gallon equivalents, if applicable, as reflected by meter reading, and shall be paid monthly by the alternative fuel dealer to the department as provided in this act.

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

(a) Compressed natural gas.

(b) Hydrogen.

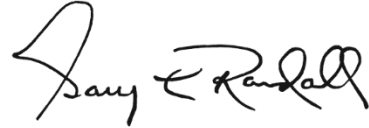
(c) Hydrogen compressed natural gas.

(d) Liquefied natural gas.

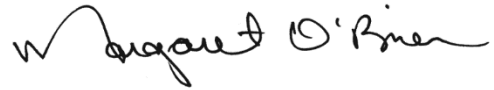
(3) The tax imposed under this section does not apply to an alternative fuel commercial user described in section 154(2) until January 1, 2017.

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

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



Clerk of the House of Representatives



Secretary of the Senate

Approved _____

Governor