

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4182**

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending section 21 (MCL 205.111), as amended by 2023 PA 175,
and by adding section 4gg.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 4gg. (1) Beginning January 1, 2026, the storage, use, or**
2 **consumption of eligible fuel is exempt from the tax under this act.**

3 **(2) As used in this section:**

4 **(a) "Alternative fuel" means that term as defined in section**
5 **151 of the motor fuel tax act, 2000 PA 403, MCL 207.1151.**

6 **(b) "Eligible fuel" means motor fuel, alternative fuel, and**
7 **leaded racing fuel, except that eligible fuel does not include any**
8 **of the following:**



1 (i) Motor fuel that is sold for use in aircraft if the
2 purchaser paid the privilege tax imposed by section 203 of the
3 aeronautics code of the state of Michigan, 1945 PA 327, MCL
4 259.203, on the motor fuel and the purchaser is registered under
5 section 94 of the motor fuel tax act, 2000 PA 403, MCL 207.1094, if
6 required to be registered under that section.

7 (ii) Aviation fuel on which the privilege tax is due under
8 section 203 of the aeronautics code of the state of Michigan, 1945
9 PA 327, MCL 259.203.

10 (iii) Motor fuel on which the privilege tax imposed under
11 section 203 of the aeronautics code of the state of Michigan, 1945
12 PA 327, MCL 259.203, has been paid and that is identified on the
13 shipping paper or invoice as aviation fuel and sold as aviation
14 fuel.

15 (iv) Motor fuel or alternative fuel sold for residential,
16 commercial, or industrial use for heating, cooling, or ventilation
17 purposes, such as for use in home or building utility systems,
18 furnaces, boilers, space heaters, water heaters, dryers and similar
19 appliances, and heat pumps, including, but not limited to, motor
20 fuel or alternative fuel that is exempt from the use tax at the
21 additional rate of 2% approved by the electors on March 15, 1994
22 under section 4n.

23 (v) Liquified petroleum gas, unless the liquified petroleum
24 gas is used or for use as those terms are defined in section 151(j)
25 of the motor fuel tax act, 2000 PA 403, MCL 207.1151.

26 (c) "Leaded racing fuel" means that term as defined in section
27 4 of the motor fuel tax act, 2000 PA 403, MCL 207.1004.

28 (d) "Liquified petroleum gas" means that term as defined in
29 section 151 of the motor fuel tax act, 2000 PA 403, MCL 207.1151.



1 **(e) "Motor fuel" means that term as defined in section 4 of**
2 **the motor fuel tax act, 2000 PA 403, MCL 207.1004.**

3 Sec. 21. (1) Except as otherwise provided in this section, all
4 money received and collected under this act must be deposited by
5 the department ~~of treasury~~ in the state treasury to the credit of
6 the general fund, to be disbursed only by appropriations by the
7 legislature.

8 (2) The collections from the use tax imposed at the additional
9 rate of 2% approved by the electors on March 15, 1994 must be
10 deposited in the state school aid fund.

11 (3) In addition to the money deposited in the state school aid
12 fund under subsection (2), from the money received and collected
13 under this act for the state share, an amount equal to the sum of
14 the following, as determined by the department, must be deposited
15 in the state school aid fund:

16 (a) All revenue lost under the state education tax act, 1993
17 PA 331, MCL 211.901 to 211.906, as a result of the exemption of
18 personal property under sections 9m, 9n, and 9o of the general
19 property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o.

20 (b) All revenue lost from basic school operating mills as a
21 result of the exemption of personal property under sections 9m, 9n,
22 and 9o of the general property tax act, 1893 PA 206, MCL 211.9m,
23 211.9n, and 211.9o.

24 (c) All revenue lost to the state school aid fund as a result
25 of the exemption under section 4(1)(gg).

26 (d) All revenue lost to the state school aid fund as a result
27 of the exemption under section 4cc. A person that claims an
28 exemption under section 4cc shall report the purchase price of the
29 data center equipment as **that term is** defined in section 4cc and



1 any other information necessary to determine the amount of revenue
2 lost to the state school aid fund as a result of the exemption
3 under section 4cc annually on a form at the time and in a manner
4 prescribed by the department. The report required under this
5 subdivision must not include any remittance for tax and does not
6 constitute a return or otherwise alleviate the person's obligations
7 under section 6.

8 (e) All revenue lost to the state school aid fund as a result
9 of the exclusion under section 2(1)(f)(xv).

10 (4) Money received and collected under this act for the local
11 community stabilization share is not state funds, must not be
12 credited to the state treasury, and must be transmitted to the
13 authority for deposit in the treasury of the authority, to be
14 disbursed by the authority only as authorized under the local
15 community stabilization authority act, 2014 PA 86, MCL 123.1341 to
16 123.1362. The local community stabilization share is a local tax,
17 not a state tax, and money received and collected for the local
18 community stabilization share is money of the authority and not
19 money of this state.

20 (5) Beginning October 1, 2016 and the first day of each
21 calendar quarter thereafter, from the money received and collected
22 under this act for the state share, an amount equal to the
23 collections for the calendar quarter that is 2 calendar quarters
24 immediately preceding the current calendar quarter of the tax
25 imposed under this act at the additional rate of 2% approved by the
26 electors on March 15, 1994 from the use, storage, or consumption of
27 aviation fuel must be distributed as follows:

28 (a) An amount equal to 35% of the collections of the tax
29 imposed at a rate of 2% on the use, storage, or consumption of



1 aviation fuel must be deposited in the state aeronautics fund and
2 must be expended, on appropriation, only for those purposes
3 authorized in the aeronautics code of the state of Michigan, 1945
4 PA 327, MCL 259.1 to 259.208.

5 (b) An amount equal to 65% of the collections of the tax
6 imposed at a rate of 2% on the use, storage, or consumption of
7 aviation fuel must be deposited in the qualified airport fund and
8 must be expended, on appropriation, only for those purposes
9 authorized under section 35 of the aeronautics code of the state of
10 Michigan, 1945 PA 327, MCL 259.35.

11 (6) The department shall, on an annual basis, reconcile the
12 amounts distributed under subsection (5) during each fiscal year
13 with the amounts actually collected for a particular fiscal year
14 and shall make any necessary adjustments, positive or negative, to
15 the amounts to be distributed for the next successive calendar
16 quarter that begins January 1. The state treasurer or the state
17 treasurer's designee shall annually provide to the operator of each
18 qualified airport a report of the reconciliation performed under
19 this subsection. The reconciliation report is subject to the
20 confidentiality restrictions and penalties provided in section
21 28(1)(f) of 1941 PA 122, MCL 205.28.

22 (7) Beginning with the fiscal year ending September 30, 2024
23 and each fiscal year thereafter, from the money received and
24 collected under this act for the state share, \$75,000,000.00 must
25 be deposited into the local government reimbursement fund created
26 in section 3a of the Michigan trust fund act, 2000 PA 489, MCL
27 12.253a.

28 (8) As used in this section:

29 (a) "Aviation fuel" means fuel as that term is defined in



1 section 4 of the aeronautics code of the state of Michigan, 1945 PA
2 327, MCL 259.4.

3 (b) "Qualified airport" means that term as defined in section
4 109 of the aeronautics code of the state of Michigan, 1945 PA 327,
5 MCL 259.109.

6 (c) "Qualified airport fund" means the qualified airport fund
7 created in section 34(2) of the aeronautics code of the state of
8 Michigan, 1945 PA 327, MCL 259.34.

9 (d) "State aeronautics fund" means the state aeronautics fund
10 created in section 34(1) of the aeronautics code of the state of
11 Michigan, 1945 PA 327, MCL 259.34.

12 (e) "State school aid fund" means the state school aid fund
13 established in section 11 of article IX of the state constitution
14 of 1963.

15 Enacting section 1. This amendatory act does not take effect
16 unless all of the following bills of the 103rd Legislature are
17 enacted into law:

18 (a) Senate Bill No. 578.

19 (b) House Bill No. 4180.

20 (c) House Bill No. 4181.

21 (d) House Bill No. 4183.

