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BILL ANALYSIS



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Senate Bill 745 (S-5)
Sponsor: Senator David Honigman
Committee: Transportation and Tourism

CONTENT

The bill would amend the Motor Carrier Fuel Tax Act to increase the tax on diesel fuel consumed by a "qualified commercial motor vehicle" to 19 cents per gallon; allow a motor carrier a credit against the tax of 6 cents per gallon of the sales tax paid on diesel fuel purchased in Michigan; eliminate language in the Act that requires a motor carrier to purchase an annual diesel fuel license fee of \$25 per vehicle for nonresident motor carriers and \$92 for Michigan motor carriers; and repeal certain sections in the Act that require the Department of Treasury to take actions against persons who fail or refuse to pay tax due under the Act.

Currently, the Act requires a motor carrier licensed under the Act to pay a road tax calculated on the amount of fuel consumed on roads in Michigan; the tax is the rate required to be paid under the motor fuel tax Act (currently 15 cents per gallon), less the discount (6 cents per gallon), provided the motor carrier has purchased a diesel fuel license. Thus, the motor carrier pays 9 cents per gallon of diesel fuel at the pump, plus 6 cents per dollar for sales tax. The motor carrier is required to pay 9 cents per gallon consumed on Michigan highways pursuant to the Motor Carrier Fuel Tax Act. This means that if the motor carrier uses all the fuel purchased in Michigan on Michigan roads, the carrier has already paid the 9-cent tax at the pump. If the carrier uses only part of the fuel purchased in Michigan, the carrier is given a refund of 9 cents per gallon for fuel not used in Michigan, but no refund on the sales tax. The bill would levy a tax of 19 cents per gallon on the purchase of diesel fuel consumed on Michigan highways, and allow a motor carrier a credit against the tax of 6 cents per gallon of sales tax paid on fuel purchased in Michigan.

MCL 207.211 et al.

Legislative Analyst: G. Towne

FISCAL IMPACT

Date Completed: 9-30-96

Fiscal Analyst: J. Wortley

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