



# SENATE BILL No. 1007

May 7, 1996, Introduced by Senator DUNASKISS and referred to the Committee on Technology and Energy.

A bill to amend section 2 of Act No. 150 of the Public Acts of 1927, entitled as amended

"An act to prescribe a privilege tax for the use of the public highways by owners and drivers of motor vehicles by imposing a specific tax upon the sale or use, within the state of Michigan, of motor fuel; to prescribe the manner and the time of paying this tax and the duties of officials and others respecting the payment and collection of this tax; to provide for the licensing of wholesale distributors, certain retail dealers, exporters, and suppliers as defined in this act; to fix a time when this tax and interest and penalties thereon become a lien upon the property of persons, firms, partnerships, associations, or corporations, subject to the payment of this tax; to provide for the enforcement of this lien; to permit the inspection and testing of petroleum products; to provide for certain exemptions and refunds and for the disposition of the proceeds of this tax; and to prescribe penalties for the violation of this act,"

as amended by Act No. 225 of the Public Acts of 1992, being section 207.102 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 2 of Act No. 150 of the Public Acts of  
2 1927, as amended by Act No. 225 of the Public Acts of 1992, being

1 section 207.102 of the Michigan Compiled Laws, is amended to read  
2 as follows:

3       Sec. 2. (1) A specific tax at a rate of cents per gallon  
4 determined under subsection (2) ~~or (3)~~ is imposed on all gaso-  
5 line and diesel motor fuel sold or used in producing or generat-  
6 ing power for propelling motor vehicles used upon the public  
7 roads and highways in this state. The tax shall be paid at those  
8 times, in the manner, and by those persons specified in this  
9 act. It is the intent of this act to impose a tax upon the  
10 owners and drivers of motor vehicles using an internal combustion  
11 type of engine upon the public roads and highways of this state  
12 by requiring them to pay for the privilege of using the public  
13 roads and highways of this state, in addition to the motor vehi-  
14 cle license tax.

15       ~~(2) Beginning January 1, 1983, and ending December 31,~~  
16 ~~1984, the tax rate imposed under subsection (1) for each 12 month~~  
17 ~~period after December 31, 1982, shall be 11 cents per gallon or~~  
18 ~~the tax rate calculated by the state commissioner of revenue as~~  
19 ~~follows, with the final result of the calculation being rounded~~  
20 ~~to the nearest 1/10 of a cent, whichever is the greater.~~

21       ~~(a) The latest available maintenance index figure for the~~  
22 ~~most recent preceding calendar year for which a maintenance index~~  
23 ~~figure is available shall be divided by the maintenance index~~  
24 ~~figure for 1980.~~

25       ~~(b) The gallonage figure for the fiscal year ending~~  
26 ~~September 30, 1980, shall be divided by the gallonage figure for~~

1 ~~the fiscal year preceding the 12 month period for which the tax~~  
2 ~~is being calculated.~~

3 ~~(c) The quotient derived in subdivision (a) shall be multi-~~  
4 ~~plied by the quotient derived in subdivision (b).~~

5 ~~(d) The product derived in subdivision (c) shall be multi-~~  
6 ~~plied by 12 cents.~~

7 (2) ~~(3)~~ Beginning January 1, 1985, the tax rate imposed  
8 under subsection (1) shall be ~~the tax rate imposed for the~~  
9 ~~12 month period ending December 31, 1984.~~ 15 CENTS.

10 ~~(4) Notwithstanding any other provision of this section, if~~  
11 ~~the United States department of transportation, federal highway~~  
12 ~~administration, materially alters the component parts of the~~  
13 ~~highway maintenance and operation index described in subsection~~  
14 ~~(8), the tax rate imposed under subsection (1) using the formula~~  
15 ~~prescribed by subsection (2) shall not change from the tax rate~~  
16 ~~imposed under subsection (1) immediately preceding the~~  
17 ~~alteration.~~

18 (3) ~~(5)~~ Notwithstanding any other provision of this sec-  
19 tion, the tax rate imposed under subsection (1) for a 12-month  
20 period shall not be more than 2 cents greater than the tax rate  
21 imposed for the previous 12-month period.

22 (4) ~~(6)~~ The state commissioner of revenue shall notify  
23 each supplier, wholesale distributor, and each retail dealer of  
24 gasoline in this state of the tax rate imposed under subsection  
25 (1) immediately after the tax rate is determined.

26 ~~(7) By June 30, 1993, the department shall submit a report~~  
27 ~~to the senate finance and house taxation committees with its~~

1 ~~recommendations on the most appropriate manner in which to tax~~  
2 ~~vehicles propelled on the highways of this state by alternative~~  
3 ~~fuels.~~

4 ~~(8) As used in this section:~~

5 ~~(a) "Gallonge figure" means the number of gallons of gaso-~~  
6 ~~line, alcohol gasoline fuel, liquefied petroleum gas, diesel~~  
7 ~~motor fuel, and any other fuel taxed under this act during a des-~~  
8 ~~ignated year.~~

9 ~~(b) "Maintenance index figure" means the maintenance index~~  
10 ~~total for a designated year as reported in the highway mainte-~~  
11 ~~nance and operation index published annually by the United States~~  
12 ~~department of transportation, federal highway administration.~~  
13 ~~cost trends highway maintenance and operation.~~

14 (5) IN PLACE OF THE TAX IMPOSED UNDER SUBSECTION (1), THE  
15 OWNER OF A VEHICLE PROPELLED ON THE HIGHWAYS OF THIS STATE BY AN  
16 ALTERNATIVE FUEL SHALL PURCHASE AN ANNUAL HIGHWAY USE STICKER FOR  
17 THE PRIVILEGE OF USING THE ROADS AND HIGHWAYS OF THIS STATE. THE  
18 STICKER SHALL BE PURCHASED AT THE SAME TIME THE VEHICLE REGISTRA-  
19 TION IS OBTAINED FOR THE VEHICLE UNDER THE MICHIGAN VEHICLE CODE,  
20 ACT NO. 300 OF THE PUBLIC ACTS OF 1949, BEING SECTIONS 257.1 TO  
21 257.923 OF THE MICHIGAN COMPILED LAWS. THE FEE FOR THE STICKER,  
22 WHICH SHALL BE AFFIXED TO THE LOWER LEFT-HAND CORNER OF THE FRONT  
23 WINDSHIELD OF THE VEHICLE, SHALL BE AS FOLLOWS:

24 (A) \$30.00 EACH YEAR UNTIL 1/2 OF 1% OF THE TOTAL NUMBER OF  
25 VEHICLES REGISTERED IN THIS STATE AS DETERMINED BY THE SECRETARY  
26 OF STATE USE ALTERNATIVE FUEL.

1 (B) \$40.00 EACH YEAR BEGINNING THE JANUARY 1 FOLLOWING THE  
2 YEAR IN WHICH 1/2 OF 1% OF THE TOTAL NUMBER OF VEHICLES  
3 REGISTERED IN THIS STATE USE ALTERNATIVE FUEL AS DETERMINED IN  
4 SUBDIVISION (A) AND CONTINUING UNTIL 1% OF THE TOTAL NUMBER OF  
5 VEHICLES REGISTERED IN THIS STATE USE ALTERNATIVE FUEL AS DETER-  
6 MINED IN SUBDIVISION (A).

7 (C) \$50.00 EACH YEAR BEGINNING THE JANUARY 1 FOLLOWING THE  
8 YEAR IN WHICH 1% OF THE TOTAL NUMBER OF VEHICLES REGISTERED IN  
9 THIS STATE USE ALTERNATIVE FUEL AS DETERMINED IN  
10 SUBDIVISION (A).

11 AS USED IN THIS SUBSECTION, "ALTERNATIVE FUEL" MEANS METHANOL,  
12 DENATURED ETHANOL, AND OTHER ALCOHOLS; MIXTURES CONTAINING NOT  
13 LESS THAN 70% BY VOLUME OF METHANOL, DENATURED ETHANOL, AND OTHER  
14 ALCOHOLS WITH GASOLINE OR OTHER FUELS; NATURAL GAS; LIQUEFIED  
15 PETROLEUM GAS; HYDROGEN; COAL-DERIVED LIQUID FUELS; FUELS OTHER  
16 THAN ALCOHOL DERIVED FROM BIOLOGICAL MATERIALS; AND ELECTRICITY  
17 INCLUDING ELECTRICITY FROM SOLAR ENERGY.