

# HOUSE BILL No. 5389

September 17, 2009, Introduced by Rep. Cushingberry and referred to the Committee on Tax Policy.

A bill to amend 1929 PA 48, entitled

"An act levying a specific tax to be known as the severance tax upon all producers engaged in the business of severing oil and gas from the soil; prescribing the method of collecting the tax; requiring all producers of such products or purchasers thereof to make reports; to provide penalties; to provide exemptions and refunds; to prescribe the disposition of the funds so collected; and to exempt those paying such specific tax from certain other taxes,"

by amending the title and sections 1, 11, and 12 (MCL 205.301, 205.311, and 205.312), section 11 as amended by 1989 PA 126, by adding a heading for part 1, and by adding part 2.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

### TITLE

An act levying **CERTAIN SPECIFIC TAXES; TO PROVIDE FOR** a specific tax to be known as the severance tax upon all producers engaged in the business of severing oil and gas from the soil;

~~prescribing TO PROVIDE FOR A SPECIFIC TAX ON THE SEVERANCE OF WATER~~  
~~BY BOTTLED WATER OPERATORS; TO PRESCRIBE the method of collecting~~  
~~the tax; requiring all producers of such products or purchasers~~  
~~thereof to make~~ **COLLECTION OF CERTAIN TAXES; TO REQUIRE CERTAIN**  
reports; to provide penalties; to provide exemptions and refunds;  
to prescribe the disposition of ~~the funds so collected~~ **CERTAIN**  
**TAXES;** and to ~~exempt those paying such specific tax from certain~~  
~~other taxes~~ **PROVIDE FOR CERTAIN OTHER EXEMPTIONS.**

#### **PART 1**

Sec. 1. There is hereby levied **UNDER THIS PART** upon each  
producer engaged in the business of severing **OIL OR GAS** from the  
soil ~~, oil or gas,~~ a specific tax to be known as the severance tax.

Sec. 11. ~~(1) The word "oil" as used in this act~~ **AS USED IN**  
**THIS PART:**

(A) **"OIL"** means petroleum oil, mineral oil, or other oil taken  
from the earth.

(B) ~~(2) "Gas" as used in this act~~ does not include methane gas  
extracted from a landfill.

Sec. 12. ~~(1)~~ **AS USED IN THIS PART:**

(A) ~~"Person" as used in this act shall include~~ **MEANS** any  
person, firm, concern, receiver, receivers, trustee, executor,  
administrator, agent, institution, association, partnership,  
company, corporations, and persons acting under declarations of  
trust.

(B) ~~(2) "Producer" as used in this act~~ means a person who  
owns, or is entitled to delivery of a share in kind or a share of  
the monetary proceeds from the sale of, gas or oil as of the time

1 of its production or severance.

2 (C) "THIS ACT" MEANS PART 1 OF THIS ACT.

3 PART 2

4 SEC. 21. THIS PART SHALL BE KNOWN AND MAY BE CITED AS THE  
5 "BOTTLED WATER EXCISE TAX ACT".

6 SEC. 22. AS USED IN THIS PART:

7 (A) "BOTTLED WATER OPERATOR" MEANS A PERSON ENGAGED IN THE  
8 BUSINESS OF SEVERING WATER FROM THE GROUND WHO THEN BOTTLES THAT  
9 WATER FOR RESALE OR PROVIDES THAT WATER TO ANOTHER PERSON FOR  
10 BOTTLING FOR RESALE.

11 (B) "BOTTLED WATER EXCISE TAX" MEANS THE EXCISE TAX IMPOSED  
12 UNDER THIS PART.

13 (C) "DEPARTMENT" MEANS THE DEPARTMENT OF TREASURY.

14 (D) "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORATION,  
15 ASSOCIATION, GOVERNMENTAL ENTITY, OR OTHER LEGAL ENTITY.

16 SEC. 23. (1) THE BOTTLED WATER EXCISE TAX IS LEVIED ON EACH  
17 BOTTLED WATER OPERATOR ENGAGED IN THE BUSINESS OF SEVERING WATER  
18 FROM THE GROUND AND BOTTLING WATER IN THIS STATE.

19 (2) THE BOTTLED WATER EXCISE TAX IS IMPOSED AT A RATE OF 20  
20 CENTS PER GALLON.

21 SEC. 24. (1) EACH BOTTLED WATER OPERATOR SHALL PREPARE AND  
22 SUBMIT TO THE DEPARTMENT A REPORT ON OR BEFORE THE TWENTY-FIFTH DAY  
23 OF EACH MONTH IN THE FORM AND MANNER REQUIRED BY THE DEPARTMENT,  
24 SHOWING THE TOTAL AMOUNT OF WATER SEVERED AND BOTTLED DURING THE  
25 PRECEDING MONTH AND OTHER INFORMATION REQUIRED BY THE DEPARTMENT.

26 (2) THE BOTTLED WATER EXCISE TAX SHALL BE PAID EACH MONTH TO  
27 THE DEPARTMENT AT THE SAME TIME THE REPORT IS SUBMITTED.

1        SEC. 25. EACH BOTTLED WATER OPERATOR SHALL PREPARE, KEEP, AND  
2        PRESERVE A FULL AND COMPLETE RECORD OF ALL WATER SEVERED AND  
3        BOTTLED IN THIS STATE, AND THAT RECORD SHALL BE OPEN AT ALL TIMES  
4        TO THE INSPECTION OF THE STATE TAX COMMISSION.

5        SEC. 26. (1) THE BOTTLED WATER EXCISE TAX IMPOSED BY THIS PART  
6        SHALL BE ADMINISTERED BY THE DEPARTMENT OF TREASURY, UNDER 1941 PA  
7        122, MCL 205.1 TO 205.31, AND THIS PART. IN CASE OF CONFLICT  
8        BETWEEN 1941 PA 122, MCL 205.1 TO 205.31, AND THIS PART, THE  
9        PROVISIONS OF THIS PART SHALL PREVAIL.

10       (2) THE DEPARTMENT MAY PROMULGATE RULES TO IMPLEMENT THIS PART  
11       PURSUANT TO THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306,  
12       MCL 24.201 TO 24.328.

13       SEC. 27. ALL TAXES, PENALTIES, OR COSTS PAID TO THE DEPARTMENT  
14       UNDER THIS PART SHALL BE PAID INTO THE STATE TREASURY AND SHALL BE  
15       CREDITED TO THE GENERAL FUND OF THIS STATE.