

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5477**

A bill to amend 2000 PA 403, entitled
"Motor fuel tax act,"
by amending sections 2, 3, 5, 6, 8, 22, 40, 45, 53, 63, 122, 143,
151, 152, 153, 154, and 155 (MCL 207.1002, 207.1003, 207.1005,
207.1006, 207.1008, 207.1022, 207.1040, 207.1045, 207.1053,
207.1063, 207.1122, 207.1143, 207.1151, 207.1152, 207.1153,
207.1154, and 207.1155), sections 2, 5, and 122 as amended by 2002
PA 668, section 3 as amended by 2006 PA 277, and section 8 as
amended by 2006 PA 268.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 2. As used in this act:
- 2 (a) "Alcohol" means fuel grade ethanol or a mixture of fuel
- 3 grade ethanol and another product.

1 (B) "AVERAGE WHOLESALE DIESEL FUEL PRICE" MEANS THE STATEWIDE
2 AVERAGE WHOLESALE PRICE OF DIESEL FUEL AS DETERMINED BY THE
3 DEPARTMENT BASED UPON A 12-MONTH ROLLING AVERAGE OF THE WHOLESALE
4 DIESEL FUEL PRICE. FOR THE RATE EFFECTIVE OCTOBER 1, 2015 UNDER
5 SECTION 8(1)(B), THE 12-MONTH ROLLING AVERAGE PERIOD BEGINS ON JULY
6 1, 2013 AND ENDS ON JUNE 30, 2014. FOR THE RATE EFFECTIVE OCTOBER
7 1, 2016 AND THE RATE IN EFFECT EACH YEAR THEREAFTER, THE 12-MONTH
8 ROLLING AVERAGE PERIOD ENDS ON THE LAST DAY OF THE MONTH THAT IS 3
9 MONTHS PRIOR TO THE DATE ON WHICH THE RATE DETERMINED UNDER SECTION
10 8(1)(B) BECOMES EFFECTIVE.

11 (C) "AVERAGE WHOLESALE GASOLINE PRICE" MEANS THE STATEWIDE
12 AVERAGE WHOLESALE PRICE OF GASOLINE AS DETERMINED BY THE DEPARTMENT
13 BASED UPON A 12-MONTH ROLLING AVERAGE OF THE WHOLESALE GASOLINE
14 PRICE. FOR THE RATE EFFECTIVE OCTOBER 1, 2015 UNDER SECTION
15 8(1)(A), THE 12-MONTH ROLLING AVERAGE PERIOD BEGINS ON JULY 1, 2013
16 AND ENDS ON JUNE 30, 2014. FOR THE RATE EFFECTIVE OCTOBER 1, 2016
17 AND THE RATE IN EFFECT EACH YEAR THEREAFTER, THE 12-MONTH ROLLING
18 AVERAGE PERIOD ENDS ON THE LAST DAY OF THE MONTH THAT IS 3 MONTHS
19 PRIOR TO THE DATE ON WHICH THE RATE DETERMINED UNDER SECTION
20 8(1)(A) BECOMES EFFECTIVE.

21 (D) ~~(b)~~—"Blendstock" means and includes any petroleum product
22 component of motor fuel, such as naphtha, reformate, or toluene; or
23 any oxygenate that can be blended for use in a motor fuel.

24 (E) ~~(e)~~—"Blended motor fuel" means a mixture of motor fuel and
25 another liquid, other than a de minimis amount of a product
26 including, but not limited to, carburetor detergent or oxidation
27 inhibitor, that can be used as motor fuel in a motor vehicle.

1 (F) ~~(d)~~—"Blender" means and includes any person who produces
2 blended motor fuel outside of the bulk transfer/terminal system.

3 (G) ~~(e)~~—"Blends" or "blending" means the mixing of 1 or more
4 petroleum products, with or without another product, regardless of
5 the original character of the product blended, if the product
6 obtained by the blending is capable of use in the generation of
7 power for the propulsion of a motor vehicle, an airplane, or a
8 marine vessel. Blending does not include mixing that occurs in the
9 process of refining by the original refiner of crude petroleum or
10 the blending of products known as lubricating oil in the production
11 of lubricating oils and greases.

12 (H) ~~(f)~~—"Bulk end user" means a person who receives into the
13 person's own storage facilities by transport truck or tank wagon
14 motor fuel for the person's own consumption.

15 (I) ~~(g)~~—"Bulk plant" means a motor fuel storage and
16 distribution facility that is not a terminal and from which motor
17 fuel may be withdrawn by a tank wagon, a transport truck, or a
18 marine vessel.

19 (J) ~~(h)~~—"Bulk transfer" means a transfer of motor fuel from 1
20 location to another by pipeline tender or marine delivery within
21 the bulk transfer/terminal system, including, but not limited to,
22 all of the following transfers:

23 (i) A marine vessel movement of motor fuel from a refinery or
24 terminal to a terminal.

25 (ii) Pipeline movements of motor fuel from a refinery or
26 terminal to a terminal.

27 (iii) Book transfers of motor fuel within a terminal between

1 licensed suppliers before completion of removal across the terminal
2 rack.

3 (iv) Two-party exchanges between licensed suppliers.

4 (K) ~~(i)~~ "Bulk transfer/terminal system" means the motor fuel
5 distribution system consisting of refineries, pipelines, marine
6 vessels, and terminals. Motor fuel in a refinery, pipeline,
7 terminal, or a marine vessel transporting motor fuel to a refinery
8 or terminal is in the bulk transfer/terminal system. Motor fuel in
9 a fuel storage facility including, but not limited to, a bulk plant
10 that is not part of a refinery or terminal, in the fuel supply tank
11 of any engine or motor vehicle, in a marine vessel transporting
12 motor fuel to a fuel storage facility that is not in the bulk
13 transfer/terminal system, or in any tank car, rail car, trailer,
14 truck, or other equipment suitable for ground transportation is not
15 in the bulk transfer/terminal system.

16 (I) ~~(j)~~ "Carrier" means an operator of a pipeline or marine
17 vessel engaged in the business of transporting motor fuel above the
18 terminal rack.

19 (M) ~~(k)~~ "Commercial motor vehicle" means a motor vehicle
20 licensed **AS A QUALIFIED COMMERCIAL MOTOR VEHICLE** under the motor
21 carrier fuel tax act, 1980 PA 119, MCL 207.211 to 207.234, **OR A**
22 **MOTOR VEHICLE LICENSED UNDER AN INTERNATIONAL FUEL TAX AGREEMENT**
23 **UNDER SECTION 2A OF THE MOTOR CARRIER FUEL TAX ACT, 1980 PA 119,**
24 **MCL 207.212A.**

25 (N) ~~(l)~~ "Dead storage" is the amount of motor fuel that cannot
26 be pumped out of a motor fuel storage tank because the motor fuel
27 is below the mouth of the tank's draw pipe. The amount of motor

1 fuel in dead storage is 200 gallons for a tank with a capacity of
2 less than 10,000 gallons and 400 gallons for a tank with a capacity
3 of 10,000 gallons or more.

4 (O) ~~(m)~~ "Denaturants" means ~~and includes~~ gasoline, natural
5 gasoline, gasoline components, or toxic or noxious materials added
6 to fuel grade ethanol to make it unsuitable for beverage use but
7 not unsuitable for automotive use.

8 (P) ~~(n)~~ "Department" means the ~~bureau of revenue within the~~
9 department of treasury or its designee.

10 (Q) ~~(o)~~ "Destination state" means ~~the A~~ state, Canadian
11 province or territory, or foreign country to which motor fuel is
12 directed for export.

13 (R) ~~(p)~~ "Diesel fuel" means any liquid other than gasoline
14 that is capable of use as a fuel or a component of a fuel in a
15 motor vehicle that is propelled by a diesel-powered engine or in a
16 diesel-powered train. Diesel fuel includes number 1 and number 2
17 fuel oils, kerosene, dyed diesel fuel, and mineral spirits. Diesel
18 fuel also includes any blendstock or additive that is sold for
19 blending with diesel fuel, any liquid prepared, advertised, offered
20 for sale, sold for use as, or used in the generation of power for
21 the propulsion of a diesel-powered engine, airplane, or marine
22 vessel. An additive or blendstock is presumed to be sold for
23 blending unless a certification is obtained for federal purposes
24 that the substance is for a use other than blending for diesel
25 fuel. Diesel fuel does not include an excluded liquid.

26 (S) ~~(q)~~ "Dyed diesel fuel" means diesel fuel that is dyed in
27 accordance with internal revenue service rules or pursuant to any

1 other internal revenue service requirements, including any
2 invisible marker requirements.

3 (T) ~~(r)~~ "Eligible purchaser" means a person who has been
4 authorized by the department under section 75 to make ~~the~~ **AN**
5 election under section 74.

6 (U) ~~(s)~~ "Excluded liquid" means that term as defined in 26
7 ~~C.F.R.~~ **CFR** 48.4081-1.

8 (V) ~~(t)~~ "Export" means to obtain motor fuel in this state for
9 sale or other distribution outside of this state. Motor fuel
10 delivered outside of this state by or for the seller constitutes an
11 export by the seller and motor fuel delivered outside of this state
12 by or for the purchaser constitutes an export by the purchaser.

13 (W) ~~(u)~~ "Exporter" means a person who exports motor fuel.

14 Sec. 3. As used in this act:

15 (a) "Fuel feedstock user" means a person who receives motor
16 fuel for the person's own use in the manufacture or production of
17 any substance other than motor fuel.

18 (b) "Fuel grade ethanol" means the American society for
19 testing and materials standard in effect on ~~the effective date of~~
20 ~~this act~~ **APRIL 1, 2001** as the D-4806 specification for denatured
21 fuel grade ethanol for blending with gasoline.

22 (c) "Fuel transportation vehicle" means a vehicle designed or
23 used to transport motor fuel on the public roads or highways. Fuel
24 transportation vehicle includes, but is not limited to, a transport
25 truck and a tank wagon. Fuel transportation vehicle does not
26 include a vehicle transporting a nurse tank or limited volume
27 auxiliary-mounted supply tank used for fueling an implement of

1 husbandry.

2 (d) "Gallon" means a unit of liquid measure as customarily
3 used in the United States containing 231 cubic inches, or 4 quarts,
4 or its metric equivalent expressed in liters. Where the term gallon
5 appears in this act, the term liters is interchangeable so long as
6 the equivalence of a gallon and 3.785 liters is preserved. A
7 quantity required to be furnished under this act may be specified
8 in liters when authorized by the department.

9 (e) "Gasohol" means a blended motor fuel composed of gasoline
10 and fuel grade ethanol.

11 (f) "Gasoline" means ~~and includes~~ gasoline, alcohol, gasohol,
12 casing head or natural gasoline, benzol, benzine, naphtha, and any
13 blendstock additive, or other product including methanol that is
14 sold for blending with gasoline or for use on the road other than
15 products typically sold in containers of less than 5 gallons.
16 Gasoline also includes a liquid prepared, advertised, offered for
17 sale, sold for use as, or used in the generation of power for the
18 propulsion of a motor vehicle, airplane, or marine vessel,
19 including a product obtained by blending together any 1 or more
20 products of petroleum, with or without another product, and
21 regardless of the original character of the petroleum products
22 blended, if the product obtained by the blending is capable of use
23 in the generation of power for the propulsion of a motor vehicle,
24 airplane, or marine vessel. The blending of all of the above named
25 products, regardless of their name or characteristics, shall
26 conclusively be presumed to have been done to produce motor fuel,
27 unless the product obtained by the blending is entirely incapable

1 of use as motor fuel. Gasoline also includes transmix. Gasoline
2 does not include diesel fuel or leaded racing fuel. An additive or
3 blendstock is presumed to be sold for blending unless a
4 certification is obtained for federal purposes that the substance
5 is for a use other than blending for gasoline.

6 (g) "Gross gallons" means the total measured product,
7 exclusive of any temperature or pressure adjustments,
8 considerations, or deductions, in gallons.

9 ~~— (h) "Heating oil" means a motor fuel including dyed diesel~~
10 ~~fuel that is burned in a boiler, furnace, or stove for heating,~~
11 ~~agricultural, or industrial processing purposes.~~

12 (H) ~~(i)~~—"Implement of husbandry" means ~~and includes~~ a farm
13 tractor, a vehicle designed to be drawn or pulled by a farm tractor
14 or animal, a vehicle that directly harvests farm products, ~~and~~ **OR** a
15 vehicle that directly applies fertilizer, spray, or seeds to a farm
16 field. Implement of husbandry does not include a motor vehicle
17 licensed for use on the public roads or highways of this state.

18 (I) ~~(j)~~—"Import" means to bring motor fuel into this state by
19 motor vehicle, marine vessel, pipeline, or any other means.

20 ~~However, import~~ **IMPORT** does not include bringing motor fuel into
21 this state in the fuel supply tank of a motor vehicle if the motor
22 fuel is used to power that motor vehicle. Motor fuel delivered into
23 this state from outside of this state by or for the seller
24 constitutes an import by the seller, and motor fuel delivered into
25 this state from ~~out~~ **OUTSIDE** of this state by or for the purchaser
26 constitutes an import by the purchaser.

27 (J) ~~(k)~~—"Importer" means a person who imports motor fuel into

1 this state.

2 (K) ~~(l)~~—"Import verification number" means the number assigned
3 by the department to an individual delivery of motor fuel by a
4 transport truck, tank wagon, marine vessel, or rail car in response
5 to a request for a number from an importer or transporter carrying
6 motor fuel into this state for the account of an importer.

7 (I) ~~(m)~~—"In this state" means the area within the borders of
8 this state, including all territories within the borders owned by,
9 held in trust by, or added to the United States of America.

10 (M) "INDEX" MEANS THE DETROIT CONSUMER PRICE INDEX FOR ALL
11 URBAN CONSUMERS PUBLISHED BY THE UNITED STATES BUREAU OF LABOR
12 STATISTICS OR, IF THAT INDEX CEASES TO BE PUBLISHED BY THE UNITED
13 STATES BUREAU OF LABOR STATISTICS, THE PUBLISHED INDEX THAT MOST
14 CLOSELY REFLECTS THE MEASURE OF INFLATION PREVIOUSLY REPORTED BY
15 THE DETROIT CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS, AS
16 DETERMINED BY THE DEPARTMENT.

17 (N) "INFLATION RATE" MEANS THE PERCENTAGE CHANGE BETWEEN THE
18 INDEX FOR THE PERIOD BEGINNING ON JULY 1, 2013 AND ENDING ON JUNE
19 30, 2014 AND THE MOST RECENT INDEX FOR THE PERIOD BEGINNING ON JULY
20 1 AND ENDING ON JUNE 30, CONVERTED TO DECIMALS AND REDUCED BY THE
21 TOTAL PERCENTAGE CHANGE BETWEEN 41.7 CENTS AND THE RATE FLOOR IN
22 EFFECT ON OCTOBER 1 OF THE YEAR IMMEDIATELY PRECEDING THE YEAR IN
23 WHICH THE CURRENT RATE IS IN EFFECT, CONVERTED TO DECIMALS. IF THAT
24 NUMBER IS NEGATIVE, THE INFLATION RATE IS 0.

25 (O) ~~(n)~~—"Invoiced gallons" means the number of gallons
26 actually billed on an invoice.

27 Sec. 5. (1) As used in this act:

1 (a) "Rack" means a mechanism for delivering motor fuel from a
2 refinery, a terminal, or a marine vessel into a railroad tank car,
3 a transport truck, a tank wagon, the fuel supply tank of a marine
4 vessel, or other means of transfer outside of the bulk
5 transfer/terminal system.

6 (B) "RATE CEILING" MEANS A CENTS PER GALLON UPPER LIMIT ON THE
7 TAX RATE DETERMINED BY THE DEPARTMENT AND IMPOSED ON GASOLINE OR
8 DIESEL FUEL UNDER SECTION 8(1)(A) AND (B). BEGINNING WITH THE RATE
9 IN EFFECT ON OCTOBER 1, 2015, RATE CEILING MEANS, FOR EACH RATE
10 DETERMINED UNDER SECTION 8(1), THE SUM OF THE RATE FLOOR FOR THE
11 APPLICABLE PERIOD PLUS 5 CENTS PER GALLON.

12 (C) "RATE FLOOR" MEANS A CENTS PER GALLON LOWER LIMIT ON THE
13 TAX RATE DETERMINED BY THE DEPARTMENT AND IMPOSED ON GASOLINE OR
14 DIESEL FUEL UNDER SECTION 8(1)(A) AND (B). BEGINNING WITH THE RATE
15 IN EFFECT ON OCTOBER 1, 2015, RATE FLOOR MEANS 41.7 CENTS.
16 BEGINNING ON OCTOBER 1, 2016, THE RATE FLOOR SHALL BE THE RATE
17 FLOOR IN EFFECT FOR THE IMMEDIATELY PRECEDING YEAR MULTIPLIED BY 1
18 PLUS THE LESSER OF THE FOLLOWING:

19 (i) 0.05.

20 (ii) THE INFLATION RATE.

21 (D) ~~(b)~~—"Refiner" means a person who owns, operates, or
22 otherwise controls a refinery within the United States.

23 (E) ~~(e)~~—"Refinery" means a facility used to produce motor fuel
24 from crude oil, unfinished oils, natural gas liquids, or other
25 hydrocarbons and from which motor fuel may be removed by pipeline,
26 by marine vessel, or at a rack.

27 (F) ~~(d)~~—"Removal" or "removed" means a physical transfer other

1 than by evaporation, loss, or destruction of motor fuel from a
2 terminal, manufacturing plant, customs custody, pipeline, marine
3 vessel, or refinery that stores motor fuel.

4 (G) ~~(e)~~—"Retail diesel dealer" means a person who sells or
5 distributes diesel fuel to an end user in this state.

6 (H) ~~(f)~~—"Retail marine diesel dealer" means a person who sells
7 or distributes diesel fuel to an end user in this state for use in
8 boats or other marine vessels.

9 (I) ~~(g)~~—"Source state" means the state, Canadian province or
10 territory, or foreign country from which motor fuel is imported.

11 (J) ~~(h)~~—"Stationary engine" means a temporary or permanently
12 affixed engine designed and used to supply power primarily for
13 agricultural or construction work. Stationary engine includes, but
14 is not limited to, an engine powering irrigation equipment,
15 generators, or earth-moving equipment.

16 (K) ~~(i)~~—"Supplier", in addition to subsection (2), means a
17 person who meets all of the following requirements:

18 (i) Is subject to the general taxing jurisdiction of this
19 state.

20 (ii) Is registered under section 4101 of the internal revenue
21 code for transactions in motor fuel in the bulk transfer/terminal
22 distribution system.

23 (iii) Is any 1 of the following:

24 (A) The position holder in a terminal or refinery in this
25 state.

26 (B) A person who imports fuel grade ethanol into this state.

27 (C) A person who acquires motor fuel from a terminal or

1 refinery in this state from a position holder pursuant to a 2-party
2 exchange.

3 (D) The position holder in a terminal or refinery outside this
4 state with respect to motor fuel which that person imports into
5 this state on its account.

6 (2) Supplier also means a person who either produces alcohol
7 or alcohol derivative substances in this state or produces alcohol
8 or alcohol derivative substances for import into a terminal in this
9 state, or who acquires immediately upon import by transport truck,
10 tank wagon, rail car, or marine vessel into a terminal or refinery
11 or other storage facility that is not part of a terminal or
12 refinery, alcohol or alcohol derivative substances. A terminal
13 operator is not considered a supplier merely because the terminal
14 operator handles motor fuel consigned to it within a terminal.
15 Supplier includes a permissive supplier unless otherwise
16 specifically provided in this act.

17 Sec. 6. As used in this act:

18 (a) "Tank wagon" means a straight truck having 1 or more
19 compartments other than the fuel supply tank designed or used to
20 carry motor fuel.

21 (b) "Tank wagon operator-importer" means a person who operates
22 a tank wagon and imports motor fuel into this state from another
23 state.

24 (c) "Tax" means a tax, interest, or penalty levied under this
25 act.

26 (d) "Terminal" means a motor fuel storage and distribution
27 facility that meets all of the following requirements:

1 (i) Is registered as a qualified terminal by the internal
2 revenue service.

3 (ii) Is supplied by pipeline or marine vessel.

4 (iii) Has a rack from which motor fuel may be removed.

5 (e) "Terminal operator" means a person who owns, operates, or
6 otherwise controls a terminal.

7 (f) "Transmix" means the mixed product that results from the
8 buffer or interface of 2 different products in a pipeline shipment,
9 or a mixture of 2 different products within a refinery or terminal
10 that results in an off-grade mixture.

11 (g) "Transport truck" means a semitrailer combination rig
12 designed or used for the purpose of transporting motor fuel over
13 the public roads or highways.

14 (h) "Transporter" means an operator of a railroad or rail car,
15 tank wagon, transport truck, or other fuel transportation vehicle
16 engaged in the business of transporting motor fuel below the
17 terminal rack.

18 (i) "Two-party exchange" means a transaction in which motor
19 fuel is transferred from 1 licensed supplier or licensed permissive
20 supplier to another licensed supplier or licensed permissive
21 supplier where all of the following occur:

22 (i) The transaction includes a transfer from the person who
23 holds the original inventory position for motor fuel in the
24 terminal as reflected in the records of the terminal operator.

25 (ii) The exchange transaction is completed before removal
26 across the rack from the terminal by the receiving licensed
27 supplier or licensed permissive supplier.

1 (iii) The terminal operator in its books and records treats the
2 receiving exchange party as the supplier that removes the product
3 across a terminal rack for purposes of reporting the transaction to
4 the department.

5 (j) "Ultimate vendor" means the person who sells motor fuel to
6 the end user of the fuel.

7 (k) "WHOLESALE DIESEL FUEL PRICE" MEANS THE PRICE PER GALLON
8 OF SELF-SERVE UNDYED NO. 2 ULTRA-LOW SULFUR DIESEL FUEL CHARGED BY
9 A LICENSED SUPPLIER TO A PURCHASER AT THE TIME OF REMOVAL FROM A
10 TERMINAL ACROSS THE RACK, AS DETERMINED BY THE DEPARTMENT, BASED ON
11 AVAILABLE PRICING DATA THAT BEST REFLECT OR APPROXIMATE MICHIGAN
12 RACK PRICES AS REPORTED BY THE UNITED STATES ENERGY INFORMATION
13 ADMINISTRATION, THE OIL PRICE INFORMATION SERVICE, OR A SIMILAR
14 NATIONALLY RECOGNIZED SOURCE FOR SUCH PRICING DATA, WHETHER
15 PUBLICLY AVAILABLE OR AVAILABLE ONLY BY SUBSCRIPTION. WHOLESALE
16 DIESEL FUEL PRICE DOES NOT INCLUDE THE TAX IMPOSED BY THIS ACT,
17 PREPAID SALES TAX UNDER SECTION 6A OF THE GENERAL SALES TAX ACT,
18 1933 PA 167, MCL 205.56A, FEDERAL EXCISE TAX UNDER SECTION 4081 OF
19 THE INTERNAL REVENUE CODE, 26 USC 4081, ANY OTHER FEDERAL TAX UPON
20 MOTOR FUEL, OR AN ENVIRONMENTAL PROTECTION REGULATORY FEE IMPOSED
21 UNDER SECTION 21508 OF THE NATURAL RESOURCES AND ENVIRONMENTAL
22 PROTECTION ACT, 1994 PA 451, MCL 324.21508.

23 (l) "WHOLESALE GASOLINE PRICE" MEANS THE PRICE PER GALLON OF
24 SELF-SERVE UNLEADED REGULAR GASOLINE CHARGED BY A LICENSED SUPPLIER
25 TO A PURCHASER AT THE TIME OF REMOVAL FROM A TERMINAL ACROSS THE
26 RACK, AS DETERMINED BY THE DEPARTMENT, BASED ON AVAILABLE PRICING
27 DATA THAT BEST REFLECT OR APPROXIMATE MICHIGAN RACK PRICES AS

1 REPORTED BY THE UNITED STATES ENERGY INFORMATION ADMINISTRATION,
 2 THE OIL PRICE INFORMATION SERVICE, OR A SIMILAR NATIONALLY
 3 RECOGNIZED SOURCE FOR SUCH PRICING DATA, WHETHER PUBLICLY AVAILABLE
 4 OR AVAILABLE ONLY BY SUBSCRIPTION. WHOLESALE GASOLINE PRICE DOES
 5 NOT INCLUDE THE TAX IMPOSED BY THIS ACT, PREPAID SALES TAX UNDER
 6 SECTION 6A OF THE GENERAL SALES TAX ACT, 1933 PA 167, MCL 205.56A,
 7 FEDERAL EXCISE TAX UNDER SECTION 4081 OF THE INTERNAL REVENUE CODE,
 8 26 USC 4081, ANY OTHER FEDERAL TAX UPON MOTOR FUEL, OR AN
 9 ENVIRONMENTAL PROTECTION REGULATORY FEE IMPOSED UNDER SECTION 21508
 10 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA
 11 451, MCL 324.21508.

12 (M) ~~(k)~~ "Wholesaler" means a person who acquires motor fuel
 13 from a supplier or from another wholesaler for subsequent sale and
 14 distribution at wholesale by a fuel transportation vehicle, rail
 15 car, or other motor vehicle.

16 Sec. 8. (1) ~~Subject~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS ACT**
 17 **AND SUBJECT** to the exemptions provided ~~for~~ in this act, tax is
 18 imposed on motor fuel imported into or sold, delivered, or used in
 19 this state at the following rates:

20 (a) ~~Except as otherwise provided in subdivision (c),~~ **THROUGH**
 21 **SEPTEMBER 30, 2015, 19 cents per gallon on gasoline. SUBJECT TO**
 22 **SUBSECTION (2), BEGINNING WITH THE RATE EFFECTIVE OCTOBER 1, 2015**
 23 **AND OCTOBER 1 OF EACH YEAR THEREAFTER, THE DEPARTMENT SHALL**
 24 **DETERMINE A CENTS PER GALLON RATE ON GASOLINE THAT SHALL BE DERIVED**
 25 **BY MULTIPLYING THE AVERAGE WHOLESALE GASOLINE PRICE BY 14.9%,**
 26 **ROUNDED UP TO THE NEAREST 1/10 OF 1 CENT.**

27 (b) ~~Except as otherwise provided in subdivision (d),~~ **THROUGH**

1 SEPTEMBER 30, 2015, 15 cents per gallon on diesel fuel. SUBJECT TO
2 SUBSECTION (2), BEGINNING WITH THE RATE EFFECTIVE OCTOBER 1, 2015
3 AND OCTOBER 1 OF EACH YEAR THEREAFTER, THE DEPARTMENT SHALL
4 DETERMINE A CENTS PER GALLON RATE ON DIESEL FUEL THAT SHALL BE
5 DERIVED BY MULTIPLYING THE AVERAGE WHOLESALE DIESEL FUEL PRICE BY
6 14.9%, ROUNDED UP TO THE NEAREST 1/10 OF 1 CENT.

7 ~~—— (c) Subject to subsections (10) and (11), 12 cents per gallon~~
8 ~~on gasoline that is at least 70% ethanol. Under this subdivision,~~
9 ~~blenders of ethanol and gasoline outside of the bulk transfer~~
10 ~~terminal system shall obtain a blender's license and are subject to~~
11 ~~the blender reporting requirements under this act. A licensed~~
12 ~~supplier who blends ethanol and gasoline shall also obtain a~~
13 ~~blender's license.~~

14 ~~—— (d) Subject to subsections (10) and (11), 12 cents per gallon~~
15 ~~on diesel fuel that contains at least 5% biodiesel. Under this~~
16 ~~subdivision, blenders of biodiesel and diesel fuel outside of the~~
17 ~~bulk transfer terminal system are required to obtain a blender's~~
18 ~~license and are subject to the blender reporting requirements under~~
19 ~~this act. A licensed supplier who blends biodiesel and diesel fuel~~
20 ~~shall also obtain a blender's license.~~

21 (2) BEGINNING OCTOBER 1, 2015, THE RATE DETERMINED UNDER
22 SUBSECTION (1) (A) OR (B) SHALL NOT EXCEED THE RATE CEILING OR BE
23 BELOW THE RATE FLOOR FOR ANY YEAR FOR WHICH THE RATE IS IN EFFECT.
24 IF THE RATE DETERMINED UNDER SUBSECTION (1) (A) OR (B) EXCEEDS THE
25 RATE CEILING FOR ANY YEAR FOR WHICH THE RATE IS IN EFFECT, THE RATE
26 SHALL BE EQUAL TO THE RATE CEILING. IF THE RATE DETERMINED UNDER
27 SUBSECTION (1) (A) OR (B) IS BELOW THE RATE FLOOR FOR ANY YEAR FOR

1 WHICH THE RATE IS IN EFFECT, THE RATE SHALL BE EQUAL TO THE RATE
2 FLOOR.

3 (3) ~~(2)~~—Tax shall not be imposed under this section on motor
4 fuel that is in the bulk transfer/terminal system.

5 (4) ~~(3)~~—The collection, payment, and remittance of the tax
6 imposed by this section shall be accomplished in the manner and at
7 the time provided for in this act.

8 (5) ~~(4)~~—Tax is also imposed at the rate described in
9 subsection (1) on net gallons of motor fuel, including transmix,
10 lost or unaccounted for, at each terminal in this state. The tax
11 shall be measured annually and shall apply to the net gallons of
12 motor fuel lost or unaccounted for that are in excess of 1/2 of 1%
13 of all net gallons of fuel removed from the terminal across the
14 rack or in bulk.

15 (6) ~~(5)~~—It is the intent of this act:

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

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

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

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

1 (7) ~~(6)~~ Bills of lading and invoices shall identify the
 2 blended product and the correct fuel product code. The motor fuel
 3 tax rate for each product shall be listed separately on each
 4 invoice. Licensees shall report the correct fuel product code for
 5 the blended product as required by the department. When fuel is
 6 blended below the terminal rack, new bills of lading and invoices
 7 shall be generated and submitted to the department upon request.
 8 All bills of lading and invoices shall meet the requirements
 9 ~~provided under this act.~~

10 (8) ~~(7)~~ Notwithstanding any other provision of this act, ~~all~~
 11 ~~facilities~~ **A FACILITY** in this state that ~~produce~~ **PRODUCES** motor
 12 fuel and ~~distribute~~ **DISTRIBUTES** the fuel from a rack for purposes
 13 of this act ~~are~~ **IS** a terminal, ~~and~~ shall obtain a terminal operator
 14 license, and shall comply with all terminal operator reporting
 15 requirements under this act. ~~All~~ **A** position holders **HOLDER** in ~~these~~
 16 ~~facilities~~ **A FACILITY** shall be licensed as a supplier and shall
 17 comply with all supplier requirements under this act.

18 ~~—— (8) If the tax on gasoline that contains at least 70% ethanol~~
 19 ~~or diesel fuel that contains at least 5% biodiesel held in storage~~
 20 ~~outside of the bulk transfer/terminal system on the effective date~~
 21 ~~of the amendatory act that added this subsection has previously~~
 22 ~~been paid at the rates imposed by subsection (1)(a) and (b), the~~
 23 ~~person who paid the tax may claim a refund for the difference~~
 24 ~~between the rates imposed by subsection (1)(a) and (b) and the~~
 25 ~~rates imposed by subsection (1)(c) and (d). All of the following~~
 26 ~~shall apply to a refund claimed under this subsection:~~

27 ~~—— (a) The refund shall be claimed on a form prescribed by the~~

1 ~~department.~~

2 ~~—— (b) The refund shall apply only to:~~

3 ~~—— (i) Previously taxed gasoline containing at least 70% ethanol~~
4 ~~or diesel fuel containing at least 5% biodiesel in excess of 3,000~~
5 ~~gallons held in storage by an end user.~~

6 ~~—— (ii) Previously taxed gasoline containing at least 70% ethanol~~
7 ~~or diesel fuel containing at least 5% biodiesel held for sale that~~
8 ~~is in excess of dead storage.~~

9 ~~—— (9) A refund request shall be filed within 60 days after the~~
10 ~~last day of the month in which the amendatory act that added this~~
11 ~~subsection took effect. A taxpayer shall provide documentation that~~
12 ~~the department requires in order to verify the request for refund.~~
13 ~~A person who may claim a refund under subsection (8) shall do all~~
14 ~~of the following to claim the refund:~~

15 ~~—— (a) Not later than 12 a.m. on the effective date of the~~
16 ~~amendatory act that added this subsection, take an inventory of~~
17 ~~gasoline containing at least 70% ethanol or undyed diesel fuel~~
18 ~~containing at least 5% biodiesel.~~

19 ~~—— (b) Deduct 3,000 gallons if the person claiming the refund is~~
20 ~~an end user.~~

21 ~~—— (c) Deduct the number of gallons in dead storage if the~~
22 ~~gasoline containing at least 70% ethanol or the undyed diesel fuel~~
23 ~~containing at least 5% biodiesel is held for subsequent sale.~~

24 ~~—— (10) Beginning on the effective date of the amendatory act~~
25 ~~that added this subsection, the state treasurer shall annually~~
26 ~~determine, for the 12-month period ending May 1 and for any~~
27 ~~additional times that the treasurer may determine, the difference~~

~~between the amount of motor fuel tax collected and the amount of motor fuel tax that would have been collected but for the differential rates on gasoline pursuant to subsection (1)(c) and biodiesel pursuant to subsection (1)(d). Subsection (1)(c) and (d) is no longer effective the earlier of 10 years after the effective date of the amendatory act that added this subsection or the first day of the first month that is not less than 90 days after the state treasurer certifies that the total cumulative rate differential from the effective date of this amendatory act is greater than \$2,500,000.00.~~

~~—— (11) The legislature shall annually appropriate to the Michigan transportation fund created in 1951 PA 51, MCL 247.651 to 247.675, the amount determined as the rate differential certified by the state treasurer for the 12 month period ending on May 1 of the calendar year in which the fiscal year begins. Subsection (1)(c) and (d) shall not be effective beginning January of any fiscal year for which the appropriation required under this subsection has not been made by the first day of the fiscal year.~~

~~—— (12) As used in this section:~~

~~—— (a) "Biodiesel" means a fuel composed of mono alkyl esters of long chain fatty acids derived from vegetable oils or animal fats and, in accordance with standards specified by the American society for testing and materials, designated B100 and meeting the requirements of D 6751, as approved by the department of agriculture.~~

~~—— (b) "Ethanol" means denatured fuel ethanol that is suitable for use in a spark ignition engine when mixed with gasoline so long~~

1 ~~as the mixture meets the American society for testing and materials~~
 2 ~~D-5798 specifications.~~

3 (9) BEGINNING WITH THE RATES IN EFFECT ON OCTOBER 1, 2015 AND
 4 OCTOBER 1 OF EACH YEAR THEREAFTER, THE DEPARTMENT SHALL PUBLISH
 5 NOTICE OF THE TAX RATES UNDER THIS SECTION NOT LATER THAN 30 DAYS
 6 BEFORE THE EFFECTIVE DATE OF THE RATES.

7 (10) A DETERMINATION BY THE DEPARTMENT OF THE AVERAGE
 8 WHOLESALE DIESEL FUEL PRICE, THE AVERAGE WHOLESALE GASOLINE PRICE,
 9 INFLATION RATE, RATE CEILING, RATE FLOOR, THE WHOLESALE DIESEL FUEL
 10 PRICE, THE WHOLESALE GASOLINE PRICE, OR THE TAX RATES UNDER THIS
 11 SECTION IS PRESUMED TO BE CORRECT AND SHALL NOT BE SET ASIDE UNLESS
 12 AN ADMINISTRATIVE TRIBUNAL OR A COURT OF COMPETENT JURISDICTION
 13 FINDS THE DEPARTMENT'S DETERMINATION TO BE CLEARLY ERRONEOUS.

14 Sec. 22. (1) The tax imposed on gasoline shall be in lieu of
 15 all other taxes imposed or to be imposed upon the sale or use of
 16 gasoline by ~~the~~ **THIS** state or any political subdivision of this
 17 state except for the taxes imposed by the general sales tax act,
 18 1933 PA 167, MCL 205.51 to 205.78, and the use tax act, 1937 PA 94,
 19 MCL 205.91 to 205.111.

20 (2) The tax imposed on diesel fuel **AND ALTERNATIVE FUEL** shall
 21 be imposed in lieu of all other taxes imposed or to be imposed upon
 22 the sale or use of diesel fuel **OR ALTERNATIVE FUEL** by ~~the~~ **THIS**
 23 state or a political subdivision of ~~the~~ **THIS** state, except the
 24 taxes imposed by the general sales tax act, 1933 PA 167, MCL 205.51
 25 to 205.78, the use tax act, 1937 PA 94, MCL 205.91 to 205.111, and
 26 the motor carrier fuel tax act, 1980 PA 119, MCL 207.211 to
 27 207.234. The exception for taxes imposed by **THE GENERAL SALES TAX**

1 **ACT, 1933 PA 167, MCL 205.51 TO 205.78, and THE USE TAX ACT, 1937**
2 **PA 94, shall—MCL 205.91 TO 205.111, DOES** not apply to diesel fuel
3 used in passenger vehicles of a capacity of 10 or more operated for
4 hire under a certificate issued by the state transportation
5 department. **AS USED IN THIS SUBSECTION, "ALTERNATIVE FUEL" MEANS**
6 **THAT TERM AS DEFINED IN SECTION 151.**

7 Sec. 40. (1) A person may seek a refund for tax paid under
8 this act on motor fuel **OR ALTERNATIVE FUEL** that is **1 OR MORE OF THE**
9 **FOLLOWING:**

10 (a) Accidentally contaminated by dye or another contaminant,
11 including but not limited to gasoline that is mixed with diesel
12 fuel, if the resulting product cannot be used to operate a motor
13 vehicle on the public roads or highways without violating this act
14 or other state or federal law.

15 (b) Accidentally lost or destroyed as a direct result of a
16 sudden and unexpected casualty loss.

17 (2) ~~This~~**THE** refund **DESCRIBED IN SUBSECTION (1)** does not apply
18 if the person **SEEKING THE REFUND** has been reimbursed for the cost
19 of the tax by **ANY PERSON, INCLUDING, BUT NOT LIMITED TO,** an
20 insurance company, for the loss or contamination. **IF A PERSON**
21 **SEEKING A REFUND UNDER THIS SECTION IS REIMBURSED FOR ANY AMOUNT,**
22 **THAT PERSON SHALL DEMONSTRATE TO THE DEPARTMENT THAT THE AMOUNT**
23 **REIMBURSED DOES NOT INCLUDE TAX PAID UNDER THIS ACT ON THE MOTOR**
24 **FUEL OR ALTERNATIVE FUEL IN ORDER TO BE ELIGIBLE FOR THE REFUND.**

25 Sec. 45. (1) An end user operating a motor vehicle with a
26 common fuel supply tank from which motor fuel **OR ALTERNATIVE FUEL**
27 is used both to propel the vehicle and to operate attached

1 equipment may seek a refund for tax paid under this act on ~~diesel~~
 2 **MOTOR fuel OR ALTERNATIVE FUEL** consumed from that fuel supply tank
 3 in the amount of 15% of the tax paid.

4 (2) Notwithstanding subsection (1), an end user operating a
 5 motor vehicle with a common fuel supply tank from which ~~diesel~~
 6 **MOTOR fuel OR ALTERNATIVE FUEL** is used both to propel the vehicle
 7 and to operate attached equipment may seek a refund for tax paid
 8 under this act on ~~diesel~~**MOTOR fuel OR ALTERNATIVE FUEL** consumed
 9 from that fuel supply tank in an amount that is more than 15% of
 10 the tax paid if the operator provides evidence to the department
 11 that a refund or deduction of more than 15% is justified. The
 12 department shall determine the evidence that is necessary under
 13 this section to justify a refund of more than 15% of the tax paid.

14 (3) A refund provided under this section only applies to a
 15 motor vehicle that is used by the end user exclusively for business
 16 or other commercial purposes and does not apply to an automobile
 17 whether or not it is used by the end user for business or other
 18 commercial purposes.

19 (4) If the department determined before ~~the effective date of~~
 20 ~~this section~~**APRIL 1, 2001** that a class of motor vehicles with
 21 attached equipment was eligible for a motor fuel refund in an
 22 amount different than 15% of the tax paid, that percentage ~~shall~~
 23 ~~apply~~**APPLIES** to those motor vehicles on and after ~~the effective~~
 24 ~~date of this section~~**APRIL 1, 2001** unless, following notice and
 25 hearing, a later determination under subsection (2) is made.

26 (5) As used in this section: ~~,"attached equipment"~~

27 (A) **"ALTERNATIVE FUEL" MEANS THAT TERM AS DEFINED IN SECTION**

1 151.

2 (B) "ATTACHED EQUIPMENT" means equipment used by the end user
3 in the regular course of his or her business that is powered by
4 ~~diesel~~ **MOTOR** fuel **OR ALTERNATIVE FUEL** from the common fuel supply
5 tank. Attached equipment includes, but is not limited to, certain
6 pumping, spraying, seeding, spreading, shredding, lifting,
7 winching, dumping, cleaning, mixing, processing, and refrigeration
8 equipment. Attached equipment does not include a heater, air
9 conditioner, radio, or any other equipment that is used in the cab
10 of the motor vehicle and does not include any other equipment that
11 the department reasonably determines does not meet this definition.

12 Sec. 53. (1) A person shall not engage in a business activity
13 in this state where a license is required by this act unless the
14 person is licensed under this act.

15 (2) A person required to be licensed under this act shall
16 apply for a license on a form or in a format prescribed by the
17 department.

18 (3) An application for a license under this act may contain
19 any information the department may reasonably require to administer
20 this act including the applicant's federal identification number.

21 (4) The following persons currently licensed on ~~the effective~~
22 ~~date of this act~~ **APRIL 1, 2001** are not required to obtain a new
23 license under this act and shall be considered licensed under this
24 act:

25 (a) A person licensed in this state as a supplier on ~~the~~
26 ~~effective date of this act~~ **APRIL 1, 2001** shall be considered
27 licensed as a supplier under this act but only if the person is a

1 terminal operator or a position holder in a terminal on ~~the~~
2 ~~effective date of this act.~~**APRIL 1, 2001.**

3 (b) A wholesale distributor who on ~~the effective date of this~~
4 ~~act.~~**APRIL 1, 2001** possesses a valid exemption certificate issued
5 under former section 12 of 1927 PA 150 shall be considered licensed
6 as a fuel vendor under this act.

7 (c) A person licensed in this state as an exporter on ~~the~~
8 ~~effective date of this act.~~**APRIL 1, 2001** shall be considered
9 licensed as an exporter under this act.

10 (d) A person licensed in this state as a liquid fuel hauler on
11 ~~the effective date of this act.~~**APRIL 1, 2001** shall be considered
12 licensed as a transporter under this act.

13 (e) A person licensed in this state as a retail dealer of
14 diesel motor fuel on ~~the effective date of this act.~~**APRIL 1, 2001**
15 shall be considered licensed as a retail diesel dealer under this
16 act.

17 (5) A person considered licensed under subsection (4) is
18 subject to all of the provisions of this act except those requiring
19 an application for a new license.

20 (6) Except as otherwise provided in this act, a person who is
21 engaged in more than 1 business activity for which a license is
22 required under this act shall be licensed for each business
23 activity.

24 (7) A person who is licensed as a supplier is not required to
25 obtain a separate license for any other business activity for which
26 a license is required under this act except as a retail diesel
27 dealer or **AS an LPG-ALTERNATIVE FUEL dealer OR ALTERNATIVE FUEL**

1 **COMMERCIAL USER** under sections 151 to 155.

2 ~~—— (8) A person licensed in this state as an LPG dealer on the~~
3 ~~effective date of this act shall be considered licensed as an LPG~~
4 ~~dealer under this act.~~

5 (8) ~~(9)~~ A person who negligently violates this section is
6 subject to a civil penalty of \$1,000.00.

7 (9) ~~(10)~~ A person who knowingly violates or knowingly aids and
8 abets another to violate this section is guilty of a felony.

9 Sec. 63. (1) If an application and the accompanying bond or
10 cash deposit, if any, are approved, the department shall issue a
11 license to the applicant.

12 (2) A licensee shall retain a copy of its license at each of
13 its business locations unless the department waives this
14 requirement.

15 (3) A licensee is not required to renew a license and a
16 license is valid unless and until it is suspended, canceled, or
17 revoked for cause by the department, or discontinued by the
18 licensee. However, the department may require a licensee to update
19 the information required under section 53 **OR 153**.

20 (4) The department shall maintain a list containing the name
21 and address of each person licensed under this act. The department
22 may post the list on the department's website. The department shall
23 regularly update the list in order to reflect the current status of
24 a licensee.

25 Sec. 122. (1) A person shall not operate or maintain a motor
26 vehicle on the public roads or highways of this state with dyed
27 diesel fuel in the vehicle's fuel supply tank.

1 (2) This section does not apply to dyed diesel fuel used in
2 any of the following:

3 (a) A motor vehicle owned and operated or leased and operated
4 by the federal or state government or a political subdivision of
5 this state.

6 (b) A motor vehicle used exclusively by the American red
7 cross.

8 (c) An implement of husbandry.

9 (d) A passenger vehicle that has a capacity of 10 or more and
10 that operates over regularly traveled routes expressly provided for
11 in 1 or more of the following that applies to the passenger
12 vehicle:

13 (i) A certificate of authority issued by the state
14 transportation department.

15 (ii) A municipal franchise.

16 (iii) A municipal license.

17 (iv) A municipal permit.

18 (v) A municipal agreement.

19 (vi) A municipal grant.

20 (3) An owner, operator, or driver of a vehicle who uses dyed
21 diesel fuel on the public roads or highways of this state is
22 subject to a civil penalty of ~~\$200.00~~ **\$1,000.00** for each of the
23 first ~~2 violations within a 12-month period. For a third violation~~
24 ~~within a 12-month period, and~~ **VIOLATION, AND A CIVIL PENALTY OF**
25 **\$5,000.00** for each subsequent violation. ~~thereafter, the person is~~
26 ~~subject to a civil penalty of \$5,000.00.~~ An owner, operator, or
27 driver of a motor vehicle who knowingly violates the prohibition

1 against the sale or use of dyed diesel fuel upon the public roads
2 or highways of this state is subject to a civil penalty equal to
3 that imposed by section 6714 of the internal revenue code.

4 Sec. 143. (1) Except as otherwise provided in **SUBSECTIONS (2)**
5 **AND (3) AND** section 142, all sums of money received and collected
6 under this act, except for license fees, and after the payment of
7 the necessary expenses incurred in the enforcement of this act, are
8 appropriated to and shall be deposited in the state treasury to the
9 credit of the Michigan transportation fund.

10 (2) **FOR THE PERIOD BEGINNING ON OCTOBER 1, 2015 AND ENDING ON**
11 **SEPTEMBER 30, 2016, THE FIRST \$400,000,000.00 RECEIVED AND**
12 **COLLECTED UNDER THIS ACT IS APPROPRIATED TO AND SHALL BE DEPOSITED**
13 **IN THE STATE TREASURY TO THE CREDIT OF THE MICHIGAN TRANSPORTATION**
14 **FUND AND ALLOCATED AS PROVIDED IN SECTION 10(1) OF 1951 PA 51, MCL**
15 **247.660, AND THE REMAINDER SHALL BE ALLOCATED TO INDEBTEDNESS**
16 **INCURRED FOR PROJECTS DESCRIBED IN SECTION 11 OF 1951 PA 51, MCL**
17 **247.661.**

18 (3) **FOR THE PERIOD BEGINNING ON OCTOBER 1, 2016 AND ENDING ON**
19 **SEPTEMBER 30, 2017, THE FIRST \$800,000,000.00 RECEIVED AND**
20 **COLLECTED UNDER THIS ACT IS APPROPRIATED TO AND SHALL BE DEPOSITED**
21 **IN THE STATE TREASURY TO THE CREDIT OF THE MICHIGAN TRANSPORTATION**
22 **FUND AND ALLOCATED AS PROVIDED IN SECTION 10(1) OF 1951 PA 51, MCL**
23 **247.660, AND THE REMAINDER SHALL BE ALLOCATED TO INDEBTEDNESS**
24 **INCURRED FOR PROJECTS DESCRIBED IN SECTION 11 OF 1951 PA 51, MCL**
25 **247.661.**

26 (4) **THE MONEY REQUIRED TO BE ALLOCATED TO INDEBTEDNESS**
27 **INCURRED FOR PROJECTS DESCRIBED IN SECTION 11 OF 1951 PA 51, MCL**

1 247.661, UNDER SUBSECTIONS (2) AND (3) SHALL BE EXPENDED ON THAT
2 INDEBTEDNESS NO LATER THAN SEPTEMBER 30, 2017.

3 Sec. 151. As used in this section and sections 152 to 155:

4 (A) "ALTERNATIVE FUEL" MEANS A GAS, LIQUID, OR OTHER FUEL
5 THAT, WITH OR WITHOUT ADJUSTMENT OR MANIPULATION SUCH AS ADJUSTMENT
6 OR MANIPULATION OF PRESSURE OR TEMPERATURE, IS CAPABLE OF BEING
7 USED FOR THE GENERATION OF POWER TO PROPEL A MOTOR VEHICLE,
8 INCLUDING, BUT NOT LIMITED TO, NATURAL GAS, COMPRESSED NATURAL GAS,
9 LIQUEFIED NATURAL GAS, LIQUEFIED PETROLEUM GAS, HYDROGEN, HYDROGEN
10 COMPRESSED NATURAL GAS, OR HYTHANE. ALTERNATIVE FUEL DOES NOT
11 INCLUDE MOTOR FUEL, ELECTRICITY, LEADED RACING FUEL, OR AN EXCLUDED
12 LIQUID.

13 (B) "ALTERNATIVE FUEL COMMERCIAL USER" MEANS A COMMERCIAL OR
14 OTHER BUSINESS ENTERPRISE OR ENTITY THAT IS A CONSUMER OR END USER
15 OF ALTERNATIVE FUEL TO PROPEL A MOTOR VEHICLE ON THE PUBLIC ROADS
16 AND HIGHWAYS OF THIS STATE. ALTERNATIVE FUEL COMMERCIAL USER DOES
17 NOT INCLUDE A PERSON LICENSED AS AN ALTERNATIVE FUEL DEALER UNDER
18 SECTION 153.

19 (C) "ALTERNATIVE FUEL DEALER" MEANS A PERSON THAT IS LICENSED
20 OR REQUIRED TO BE LICENSED UNDER SECTION 153, THAT IS IN THE
21 BUSINESS OF SELLING AT RETAIL ALTERNATIVE FUEL, AND THAT USES
22 ALTERNATIVE FUEL AS DESCRIBED IN SUBDIVISION (K).

23 (D) "ALTERNATIVE FUEL FILLING STATION" MEANS A MACHINE OR
24 OTHER DEVICE LOCATED WITHIN THIS STATE THAT IS SUPPLIED WITH
25 ALTERNATIVE FUEL AND THAT IS DESIGNED OR USED FOR PLACING OR
26 DELIVERING ALTERNATIVE FUEL INTO THE FUEL SUPPLY TANK OF A MOTOR
27 VEHICLE. AS USED IN THIS SUBDIVISION, "LOCATED WITHIN THIS STATE"

1 INCLUDES, BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING LOCATIONS:

2 (i) AN ALTERNATIVE FUEL DEALER'S PLACE OF BUSINESS.

3 (ii) A COMMERCIAL OR INDUSTRIAL ESTABLISHMENT OR FACILITY.

4 (iii) A RESIDENCE OR RESIDENTIAL PROPERTY.

5 (iv) A LANDFILL LICENSED OR REQUIRED TO BE LICENSED UNDER PART
6 115 OF THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994
7 PA 451, MCL 324.11501 TO 324.11554.

8 (E) "BRITISH THERMAL UNIT" OR "BTU" MEANS THE AMOUNT OF HEAT
9 REQUIRED TO RAISE THE TEMPERATURE OF 1 POUND OF WATER 1 DEGREE
10 FAHRENHEIT.

11 (F) "COMPRESSED NATURAL GAS" MEANS A MIXTURE OF HYDROCARBON
12 GASES AND VAPORS THAT CONSISTS PRIMARILY OF METHANE IN GASEOUS FORM
13 THAT HAS BEEN COMPRESSED FOR USE AS A FUEL TO PROPEL A MOTOR
14 VEHICLE.

15 (G) "DIESEL BASE RATE" MEANS THE RATE PER GALLON ON DIESEL
16 FUEL IN EFFECT FOR THE APPLICABLE PERIOD UNDER SECTION 8(1).

17 (H) "DIESEL GALLON EQUIVALENT" MEANS 1 OF THE FOLLOWING OR ITS
18 METRIC EQUIVALENT:

19 (i) FOR COMPRESSED NATURAL GAS, 6.380 POUNDS.

20 (ii) FOR HYDROGEN, THE VOLUME OR WEIGHT THAT IS EQUAL TO
21 128,450 BTUS. FOR PURPOSES OF THIS SUBDIVISION, THERE ARE 27,000
22 BTUS PER 100 STANDARD CUBIC FEET, AND 480.11 STANDARD CUBIC FEET
23 PER DIESEL GALLON EQUIVALENT.

24 (iii) FOR HYDROGEN COMPRESSED NATURAL GAS, THE VOLUME OR WEIGHT
25 THAT IS EQUAL TO 128,450 BTUS. FOR PURPOSES OF THIS SUBDIVISION,
26 THERE ARE 79,800 BTUS PER 100 STANDARD CUBIC FEET, AND 162.44
27 STANDARD CUBIC FEET PER DIESEL GALLON EQUIVALENT.

(iv) FOR LIQUEFIED NATURAL GAS, 6.060 POUNDS.

(I) "LIQUEFIED NATURAL GAS" MEANS METHANE OR NATURAL GAS IN THE FORM OF A CRYOGENIC OR REFRIGERATED LIQUID THAT IS SUITABLE FOR USE OR USED AS FUEL TO PROPEL A MOTOR VEHICLE.

(J) ~~(a)~~—"Liquefied petroleum gas" means gases derived from petroleum or natural gases ~~which~~ **THAT** are in the gaseous state at normal atmospheric temperature and pressure, but ~~which~~ **THAT** may be maintained in the liquid state at normal atmospheric temperature by suitable pressure. Liquefied petroleum gas includes ~~those~~ products predominately composed of propane, propylene, butylene, butane, and similar products. **LIQUEFIED PETROLEUM GAS DOES NOT INCLUDE COMPRESSED NATURAL GAS, LIQUEFIED NATURAL GAS, HYDROGEN, OR HYTHANE.**

~~—— (b) "LPG dealer" means a person who is licensed under this chapter to use liquefied petroleum gas.~~

(K) ~~(e)~~—"Use", "used", or "uses" means any of the following:

(i) Selling or delivering ~~liquefied petroleum gas~~ **ALTERNATIVE FUEL** not otherwise subject to tax under this act, either by placing it into a permanently attached fuel supply tank of a motor vehicle, or exchanging or replacing of the fuel supply tank of a motor vehicle.

(ii) Delivery of ~~liquefied petroleum gas~~ **ALTERNATIVE FUEL** into storage, devoted exclusively to the storage of ~~liquefied petroleum gas~~ **ALTERNATIVE FUEL** to be consumed in motor vehicles on the public roads or highways **OF THIS STATE.**

(iii) Withdrawing ~~liquefied petroleum gas~~ **ALTERNATIVE FUEL** from the cargo tank of a truck, trailer or semi-trailer for the

operation of a motor vehicle upon the public roads and highways of this state, whether used in vapor or liquid form.

(iv) PLACING OR DELIVERING ALTERNATIVE FUEL INTO THE FUEL SUPPLY TANK OF A MOTOR VEHICLE BY OR THROUGH THE OPERATION OF AN ALTERNATIVE FUEL FILLING STATION OR BY ANY OTHER MEANS NOT INVOLVING THE DELIVERY, RECEIPT, OR PURCHASE OF ALTERNATIVE FUEL FROM AN ALTERNATIVE FUEL DEALER OR ANY OTHER MEANS NOT OTHERWISE DESCRIBED IN SUBPARAGRAPHS (i) TO (iii).

Sec. 152. (1) ~~A~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION AND SECTIONS 154 AND 155, A tax at a ~~THE~~ rate of ~~15 cents per~~ gallon EQUAL TO THE DIESEL BASE RATE is imposed upon all ~~liquefied petroleum gas~~ ALTERNATIVE FUEL used in this state. ~~The~~ 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 ~~liquefied petroleum gas~~ 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 ~~LPG~~ ALTERNATIVE FUEL dealer from the purchaser, CONSUMER, OR END USER and paid over ~~quarterly~~ MONTHLY to the department as provided in this act. ~~Liquefied petroleum gas~~ ALTERNATIVE fuel delivered in this state into the storage facility of any person when 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 ~~LPG~~ ALTERNATIVE FUEL dealer shall, upon delivery of the ~~liquefied petroleum gas~~, ALTERNATIVE FUEL, collect and remit the tax to the department as provided in

1 this act. A person shall not operate a motor vehicle on the public
 2 roads or highways of this state from the cargo containers of a
 3 truck, trailer, or semitrailer with ~~liquefied petroleum gas~~
 4 **ALTERNATIVE FUEL** in vapor or liquid form, **AS APPLICABLE**, except
 5 when the **ALTERNATIVE** fuel in the liquid or vapor phase is withdrawn
 6 from the cargo container for use in motor vehicles through a
 7 permanently installed and approved metering device. The tax on
 8 ~~liquefied petroleum gas~~ **ALTERNATIVE FUEL** withdrawn from a cargo
 9 container through a permanently installed and approved metering
 10 device shall apply in accordance with measured gallons **OR GALLON**
 11 **EQUIVALENTS, IF APPLICABLE**, as reflected by meter reading, and
 12 shall be paid ~~quarterly~~ **MONTHLY** by the ~~LPG~~ **ALTERNATIVE FUEL** dealer
 13 to the department as provided in this act.

14 (2) THE RATE OF TAX ON THE FOLLOWING ALTERNATIVE FUELS SHALL
 15 BE THE DIESEL BASE RATE PER DIESEL GALLON EQUIVALENT OR FRACTIONAL
 16 PART THEREOF ROUNDED TO THE NEAREST 1/10 OF 1 GALLON:

17 (A) COMPRESSED NATURAL GAS.

18 (B) HYDROGEN.

19 (C) HYDROGEN COMPRESSED NATURAL GAS.

20 (D) LIQUEFIED NATURAL GAS.

21 (3) THE TAX IMPOSED UNDER THIS SECTION DOES NOT APPLY TO AN
 22 ALTERNATIVE FUEL COMMERCIAL USER DESCRIBED IN SECTION 154(2) UNTIL
 23 JANUARY 1, 2016.

24 (4) THE TAX IMPOSED UNDER THIS SECTION DOES NOT APPLY TO A
 25 PERSON DESCRIBED IN SECTION 154(3) UNTIL JULY 1, 2016.

26 Sec. 153. (1) A person shall not act as an ~~LPG~~ **ALTERNATIVE**
 27 **FUEL** dealer **OR AN ALTERNATIVE FUEL COMMERCIAL USER** unless the

1 person is licensed under this act.

2 (2) To obtain a license **AS AN ALTERNATIVE FUEL DEALER OR AN**
 3 **ALTERNATIVE FUEL COMMERCIAL USER**, an applicant shall file with the
 4 department an application upon a form or in a format prescribed by
 5 the department. The application shall include the name and address
 6 of the applicant and of each place of business to be operated by
 7 the applicant at which ~~liquefied petroleum gas~~ **ALTERNATIVE FUEL**
 8 will be used and other information the department may reasonably
 9 require.

10 (3) At the time of applying for the license, an applicant **FOR**
 11 **AN ALTERNATIVE FUEL DEALER LICENSE** shall pay to the department a
 12 license fee of ~~\$50.00~~ **\$500.00**.

13 (4) **AT THE TIME OF APPLYING FOR THE LICENSE, AN APPLICANT FOR**
 14 **AN ALTERNATIVE FUEL COMMERCIAL USER LICENSE SHALL PAY TO THE**
 15 **DEPARTMENT A LICENSE FEE OF \$50.00.**

16 (5) ~~(4)~~ An applicant for an ~~LPG dealer~~ **A license OR A LICENSEE**
 17 **UNDER THIS SECTION** is subject to the general licensing and bonding
 18 requirements of this act.

19 ~~—— (5) A person licensed in this state as an LPG dealer on the~~
 20 ~~effective date of this act shall be considered licensed as an LPG~~
 21 ~~dealer under this act.~~

22 Sec. 154. (1) For the purpose of determining the amount of tax
 23 payable to the department, an ~~LPG~~ **ALTERNATIVE FUEL** dealer shall, on
 24 or before the twentieth day of each ~~calendar~~ month, ~~following the~~
 25 ~~close of the reporting calendar quarter,~~ file with the department
 26 on a form or in a format prescribed by the department a report
 27 ~~which shall include~~ **THAT INCLUDES** the number of gallons **OR GALLON**

1 EQUIVALENTS, IF APPLICABLE, of ~~liquefied petroleum gas~~ ALTERNATIVE
2 FUEL used by the ~~LPG~~ ALTERNATIVE FUEL dealer during the preceding
3 calendar ~~quarter~~, MONTH, together with any other information the
4 department may require. An ~~LPG~~ ALTERNATIVE FUEL dealer ~~at the time~~
5 ~~of filing the report~~ shall pay to the department at the time of
6 filing the report the full amount of the tax owed.

7 (2) BEGINNING ON JANUARY 1, 2016, FOR THE PURPOSE OF
8 DETERMINING THE AMOUNT OF TAX OWED TO THE DEPARTMENT, AN
9 ALTERNATIVE FUEL COMMERCIAL USER THAT USES ALTERNATIVE FUEL AS
10 DESCRIBED IN SECTION 151(K) UPON WHICH THE TAX IMPOSED UNDER
11 SECTION 152 HAS NOT BEEN COLLECTED BY OR PAID TO AN ALTERNATIVE
12 FUEL DEALER SHALL, ON OR BEFORE THE TWENTIETH DAY OF EACH MONTH,
13 FILE WITH THE DEPARTMENT A REPORT THAT INCLUDES THE NUMBER OF
14 GALLONS OR GALLON EQUIVALENTS, IF APPLICABLE, OF THE ALTERNATIVE
15 FUEL DESCRIBED IN THIS SUBSECTION THAT WAS USED OR CONSUMED BY THE
16 ALTERNATIVE FUEL COMMERCIAL USER DURING THE PRECEDING CALENDAR
17 MONTH, TOGETHER WITH ANY OTHER INFORMATION THE DEPARTMENT REQUIRES.
18 AN ALTERNATIVE FUEL COMMERCIAL USER SHALL PAY THE FULL AMOUNT OF
19 THE TAX DUE TO THE DEPARTMENT AT THE TIME OF FILING THE REQUIRED
20 REPORT.

21 (3) BEGINNING ON JULY 1, 2016, FOR THE PURPOSE OF DETERMINING
22 THE AMOUNT OF TAX OWED TO THE DEPARTMENT, A PERSON THAT IS NOT AN
23 ALTERNATIVE FUEL DEALER OR AN ALTERNATIVE FUEL COMMERCIAL USER
24 SHALL PAY THE TAX IMPOSED UNDER SECTION 152 ON ALTERNATIVE FUEL FOR
25 WHICH THE TAX HAS NOT BEEN COLLECTED BY OR PAID TO AN ALTERNATIVE
26 FUEL DEALER, AND SHALL FILE WITH THE DEPARTMENT ON OR BEFORE THE
27 TWENTIETH DAY FOLLOWING THE END OF EACH QUARTER A FORM THAT

1 INDICATES THE NUMBER OF GALLONS OR GALLON EQUIVALENTS, IF
2 APPLICABLE, USED OR CONSUMED BY THAT PERSON DURING THE PRECEDING
3 CALENDAR QUARTER. A PERSON DESCRIBED IN THIS SUBSECTION SHALL PAY
4 TO THE DEPARTMENT THE FULL AMOUNT OF THE TAX DUE AT THE TIME OF
5 FILING THE REQUIRED FORM.

6 (4) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A PERSON
7 THAT USES ALTERNATIVE FUEL FOR A TAXABLE PURPOSE AND DOES NOT PAY
8 THE TAX IMPOSED UNDER THIS SECTION SHALL PAY TO THE DEPARTMENT THE
9 TAX IMPOSED UNDER SECTION 152, ALONG WITH ANY APPLICABLE PENALTIES
10 OR INTEREST, AT THE TIME AND IN THE MANNER PRESCRIBED BY THE
11 DEPARTMENT.

12 Sec. 155. ~~(1) Each of the following persons is entitled to a~~
13 ~~refund of the tax on liquefied petroleum gas imposed by this act.~~

14 (1) ~~(a) A person consuming liquefied petroleum gas~~ **ALTERNATIVE**
15 **FUEL** for any purpose other than ~~the operation of~~ **TO OPERATE** a motor
16 vehicle on the public roads or highways of this state **MAY SEEK A**
17 **REFUND OF THE TAX ON ALTERNATIVE FUEL IMPOSED BY THIS ACT,**
18 **INCLUDING A REFUND AS PROVIDED IN SECTION 45, IF THAT PERSON HAS**
19 **ALREADY PAID THE TAX IMPOSED UNDER SECTION 152 ON THAT ALTERNATIVE**
20 **FUEL.**

21 ~~—— (b) The federal government, state government, or a political~~
22 ~~subdivision of this state consuming liquefied petroleum gas in a~~
23 ~~motor vehicle owned and operated or leased and operated by the~~
24 ~~federal government, state government, or political subdivision of~~
25 ~~this state.~~

26 ~~—— (c) A person consuming liquefied petroleum gas in the~~
27 ~~operation of a passenger vehicle of a capacity of 5 or more under a~~

~~municipal franchise, license, permit, agreement, or grant, upon which gas the tax imposed by this section has been paid.~~

(2) To obtain a refund **UNDER THIS SECTION**, a person shall file a claim with the department within 18 months after the date of purchase, as shown on the invoice and shall comply with the requirements set forth in section 48.

(3) A claim for refund **UNDER THIS SECTION** shall be on a form or in a format prescribed by the department and shall have attached the original invoice that was provided to the purchaser.

(4) **AN ALTERNATIVE FUEL IS EXEMPT FROM THE TAX IMPOSED BY THIS ACT AND THE TAX IMPOSED BY THIS ACT SHALL NOT BE COLLECTED BY AN ALTERNATIVE FUEL DEALER IF ANY OF THE FOLLOWING APPLY:**

(A) **THE ALTERNATIVE FUEL IS SOLD DIRECTLY BY AN ALTERNATIVE FUEL DEALER TO THE FEDERAL GOVERNMENT, THE STATE GOVERNMENT, OR A POLITICAL SUBDIVISION OF THIS STATE FOR USE IN A MOTOR VEHICLE OWNED AND OPERATED OR LEASED AND OPERATED BY THE FEDERAL GOVERNMENT, STATE GOVERNMENT, OR POLITICAL SUBDIVISION OF THIS STATE.**

(B) **THE ALTERNATIVE FUEL IS SOLD DIRECTLY BY AN ALTERNATIVE FUEL DEALER TO A NONPROFIT, PRIVATE, PAROCHIAL, OR DENOMINATIONAL SCHOOL, COLLEGE, OR UNIVERSITY AND IS USED IN A SCHOOL BUS OWNED AND OPERATED OR LEASED AND OPERATED BY THE EDUCATIONAL INSTITUTION THAT IS USED IN THE TRANSPORTATION OF STUDENTS TO AND FROM THE INSTITUTION OR TO AND FROM SCHOOL FUNCTIONS AUTHORIZED BY THE ADMINISTRATION OF THE INSTITUTION.**

(C) **THE ALTERNATIVE FUEL IS IMPORTED INTO THIS STATE IN THE FUEL SUPPLY TANK OF A MOTOR VEHICLE USED SOLELY FOR NONCOMMERCIAL**

1 PURPOSES, IF THE AGGREGATE CAPACITY OF THE MOTOR VEHICLE'S FUEL
2 SUPPLY TANK DOES NOT EXCEED 30 GALLONS OR THE EQUIVALENT OF 30
3 GALLONS.

4 (5) BOTH OF THE FOLLOWING ARE EXEMPT FROM THE TAX ON
5 ALTERNATIVE FUEL IMPOSED BY THIS ACT:

6 (A) THE FEDERAL GOVERNMENT, STATE GOVERNMENT, OR A POLITICAL
7 SUBDIVISION OF THIS STATE CONSUMING ALTERNATIVE FUEL IN A MOTOR
8 VEHICLE OWNED AND OPERATED OR LEASED AND OPERATED BY THE FEDERAL
9 GOVERNMENT, STATE GOVERNMENT, OR A POLITICAL SUBDIVISION OF THIS
10 STATE.

11 (B) A NONPROFIT, PRIVATE, PAROCHIAL, OR DENOMINATIONAL SCHOOL,
12 COLLEGE, OR UNIVERSITY CONSUMING ALTERNATIVE FUEL IN A SCHOOL BUS
13 OWNED AND OPERATED OR LEASED AND OPERATED BY THE NONPROFIT,
14 PRIVATE, PAROCHIAL, OR DENOMINATIONAL SCHOOL, COLLEGE, OR
15 UNIVERSITY.

16 (6) ~~(4) A person who~~ THAT sells ~~liquefied petroleum gas~~
17 ALTERNATIVE FUEL shall provide the purchaser with an invoice OR
18 RECEIPT showing the amount EXPRESSED IN GALLONS OR GALLON
19 EQUIVALENTS, AS APPLICABLE, of ~~gas~~ ALTERNATIVE FUEL purchased, the
20 date of purchase, and the amount of tax paid.

21 (7) AN ALTERNATIVE FUEL DEALER THAT SELLS ALTERNATIVE FUEL AT
22 RETAIL SHALL CLEARLY LIST IN PLAIN VIEW OF THE CUSTOMER THE PRICE
23 OF THE ALTERNATIVE FUEL IN DIESEL GALLON EQUIVALENTS, AS
24 APPLICABLE, ON THE ALTERNATIVE FUEL FILLING STATION AND ANY OTHER
25 MARKINGS OR INFORMATION REQUIRED BY LAW.

26 (8) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A PERSON
27 THAT USES OR CONSUMES ALTERNATIVE FUEL FOR A TAXABLE PURPOSE AND

1 DOES NOT PAY THE TAX IMPOSED UNDER SECTION 154 IS LIABLE FOR THE
2 PAYMENT OF THAT TAX AND SHALL PAY TO THE DEPARTMENT THE TAX IMPOSED
3 UNDER SECTION 152 AND ANY APPLICABLE PENALTIES OR INTEREST, AT THE
4 TIME AND IN THE MANNER PRESCRIBED BY THE DEPARTMENT.

5 Enacting section 1. This amendatory act takes effect October
6 1, 2015.

7 Enacting section 2. This amendatory act does not take effect
8 unless Senate Joint Resolution____ or House Joint Resolution UU____
9 of the 97th Legislature becomes a part of
10 the state constitution of 1963 as provided in section 1 of article
11 XII of the state constitution of 1963.

12 Enacting section 3. This amendatory act does not take effect
13 unless House Bill No. 4539 of the 97th Legislature is enacted into
14 law.