

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4183**

A bill to amend 2000 PA 403, entitled
"Motor fuel tax act,"
by amending section 8 (MCL 207.1008), as amended by 2015 PA 176.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 8. (1) Except as otherwise provided in this act and
2 subject to the exemptions provided for in this act, tax is imposed
3 on motor fuel imported into or sold, delivered, **removed**, or used in
4 this state at the following rates:
5 (a) Except as otherwise provided in subdivision (c), as
6 follows:
7 (i) Through December 31, 2016, 19 cents per gallon on gasoline.
8 (ii) Beginning January 1, 2017, 26.3 cents per gallon on
9 gasoline.

(b) Except as otherwise provided in subdivision (c), as follows:

(i) Through December 31, 2016, 15 cents per gallon on diesel fuel.

(ii) Beginning January 1, 2017, 26.3 cents per gallon on diesel fuel.

(c) ~~Beginning~~ **Except as otherwise provided in this subdivision, beginning** with the rate effective on January 1, 2022 and January 1 of each year thereafter, **through the rate effective on January 1, 2025**, the department shall determine a cents-per-gallon rate on motor fuel that ~~shall be~~ **is** derived by multiplying the cents-per-gallon rate in effect during the immediately preceding calendar year by 1 plus the lesser of 0.05 or the inflation rate and rounding up the product to the nearest 1/10 of a cent. **Beginning January 1, 2026 through December 31, 2026, the cents-per-gallon rate on motor fuel is equal to the product of 51 cents multiplied by 1 plus the lesser of 0.05 or the inflation rate and rounding up the product to the nearest 1/10 of a cent. For the rate effective on January 1, 2027 and on January 1 of each year thereafter, the department shall determine a cents-per-gallon rate on motor fuel that is derived by multiplying the cents-per-gallon rate in effect during the immediately preceding calendar year by 1 plus the lesser of 0.05 or the inflation rate and rounding up the product to the nearest 1/10 of a cent.**

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

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

1 (4) Tax is also imposed at the rate described in subsection
2 (1) on net gallons of motor fuel, including transmix, lost or
3 unaccounted for ~~at~~ at each terminal in this state. The tax ~~shall~~
4 **must** be measured annually and ~~shall apply~~ **applies** to the net
5 gallons of motor fuel lost or unaccounted for that are in excess of
6 1/2 of 1% of all net gallons of fuel removed from the terminal
7 across the rack or in bulk.

8 (5) It is the intent of this act:

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

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

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

18 (d) That the tax imposed by this act be collected and paid at
19 those times, in the manner, and by those persons specified in this
20 act.

21 (6) Bills of lading and invoices ~~shall~~ **must** identify the
22 blended product and the correct fuel product code. The motor fuel
23 tax rate for each product ~~shall~~ **must** be listed separately on each
24 invoice. Licensees shall report the correct fuel product code for
25 the blended product as required by the department. When fuel is
26 blended below the terminal rack, new bills of lading and invoices
27 ~~shall~~ **must** be generated and submitted to the department ~~upon~~ **on**
28 request. All bills of lading and invoices ~~shall~~ **must** meet the
29 requirements ~~provided under~~ **of** this act.

(7) Notwithstanding any other provision of this act, a facility in this state that produces motor fuel and distributes the fuel from a rack for purposes of this act is a terminal, shall obtain a terminal operator license, and shall comply with all terminal operator reporting requirements under this act. A position holder in a facility shall be licensed as a supplier and shall comply with all supplier requirements under this act.

(8) Beginning with the rate in effect on January 1, 2022 and January 1 of each year thereafter, the department shall publish notice of the tax rate under this section not later than 30 days before the effective date of the rate.

(9) A determination by the department of the ~~consumer price index~~, **Consumer Price Index**, the inflation rate, or the tax rate under this section is presumed correct and shall not be set aside unless an administrative tribunal or a court of competent jurisdiction finds the department's determination to be clearly erroneous.

(10) Subject to subsections (11) to (13), the tax levied under this act, at a rate equal to the difference between the tax rate in effect on January 1, 2025, and the tax rate in effect on January 1, 2026, is imposed on all of the following as provided in this subsection:

(a) Motor fuel in excess of 3,000 gallons held in storage by an end user as of 11:59 p.m. on December 31, 2025, or held for sale at the close of business on December 31, 2025 that is in excess of dead storage, as to which the tax imposed by subsection (1), at the rate in effect on January 1, 2025, has been previously paid or has been accrued by either of the following:

(i) A licensed supplier at the time of removal from a terminal.

1 (ii) A licensed importer, if all of the conditions in sections
2 76, 82, and 104, as applicable, concerning the lawful importation
3 of motor fuel by the importer have been met.

4 (b) All nonexempt motor fuel held by a person outside of the
5 bulk transfer/terminal system in this state as of 11:59 p.m. on
6 December 31, 2025, in excess of 3,000 gallons, as to which the tax
7 imposed by subsection (1) at the rate in effect on January 1, 2025
8 has not been previously paid or has not been accrued by either of
9 the following:

10 (i) A licensed supplier at the time of removal from a terminal.

11 (ii) A licensed importer, if all of the conditions in sections
12 76, 82, and 104, as applicable, concerning the lawful importation
13 of motor fuel by the importer have been met.

14 (11) A person in possession of motor fuel that is subject to
15 the tax under subsection (10) must take an inventory to determine
16 the number of gallons of motor fuel subject to the tax under
17 subsection (10) and report those gallons of motor fuel to the
18 department in the form and manner prescribed by the department.

19 (12) The amount of the tax due under subsection (10) is equal
20 to the tax rate described in subsection (10) multiplied by the
21 number of gallons of motor fuel subject to the tax imposed under
22 subsection (10).

23 (13) By not later than February 20, 2026, the report required
24 under subsection (11) must be filed with the department, together
25 with payment of the applicable tax due under subsection (10).

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

29 (a) Senate Bill No. 578.

- 1 (b) House Bill No. 4180.
- 2 (c) House Bill No. 4181.
- 3 (d) House Bill No. 4182.