

# Legislative Analysis

---



## EXEMPT CERTAIN FUEL FROM MOTOR FUEL TAX

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 5039 (H-1) as passed by the House**  
**Sponsor: Rep. Jason Wentworth**  
**Committee: Tax Policy**  
**Complete to 11-1-17**

Analysis available at  
<http://www.legislature.mi.gov>

*(Enacted as Public Act 55 of 2018)*

### **SUMMARY:**

HB 5039 would amend the Motor Fuel Tax Act (MCL 207.1030) to exempt certain types of fuel from the motor fuel tax.

The exempt fuel would include number 5 fuel oil, number 6 fuel oil, or fuel oil commonly sold or referred to as bunker C or navy special, as determined by the Department of Treasury.

### **FISCAL IMPACT:**

As written, the bill would substitute a motor fuel tax exemption for an existing refund against the motor fuel tax paid on these types of fuels. Because these refund submissions are routinely approved by the Department of Treasury, any resulting fiscal impact is expected to be minor. It's possible that a small revenue loss could occur for taxpayers that receive the exemption but that did not apply for refunds, but any reduction would be expected to be negligible.

### **DISCUSSION:**

The Motor Fuel Tax Act provides for specific refunds against the tax, and the fuels listed in the bill currently qualify for a refund (they are used for nonhighway purposes). According to the bill's supporters, the up-front exemption will reduce administrative burdens both for business owners and the department, and will support business owners as they will no longer need to collect, remit, and seek a refund for the tax paid.

### **POSITIONS:**

A representative of the Department of Treasury testified in support of the bill. (10-4-17)

Legislative Analyst: Patrick Morris  
Fiscal Analyst: Jim Stansell

---

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.