

# Legislative Analysis

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## **EXEMPT CERTAIN FUEL FROM MOTOR FUEL TAX**

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<http://www.house.mi.gov/hfa>

**House Bill 5039 as introduced**  
**Sponsor: Rep. Jason Wentworth**  
**Committee: Tax Policy**  
**Complete to 10-3-17**

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

### **SUMMARY:**

HB 5039 would amend the Motor Fuel Tax Act 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 fuel, bunker C, or navy special, as determined by the Department of Treasury.

MCL 207.1030

### **BRIEF BACKGROUND:**

As of January 1, 2017, the motor fuel tax is levied at \$0.263 per gallon, for both diesel fuel and gasoline, with certain exemptions.

### **FISCAL IMPACT:**

As written, the bill would substitute a sales tax exemption for an existing refund against sales taxes 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.

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■ 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.