

# SENATE BILL NO. 985

March 24, 2022, Introduced by Senator ANANICH and referred to the Committee on Transportation and Infrastructure.

A bill to amend 2004 PA 175, entitled "Streamlined sales and use tax revenue equalization act," by amending sections 3 and 5 (MCL 205.173 and 205.175), section 3 as amended by 2015 PA 177 and section 5 as amended by 2022 PA 24.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1       Sec. 3. As used in this act:
- 2       (a) "Alternative fuel" means that term as defined in section
- 3 151 of the motor fuel tax act, ~~2000 PA 403,~~ MCL 207.1151.
- 4       (b) "Department" means the department of treasury.

1 (c) "Diesel fuel" means that term as defined in section 2 of  
2 the motor fuel tax act, ~~2000 PA 403,~~ MCL 207.1002.

3 (d) "Gallon equivalent" means that term as defined in section  
4 151 of the motor fuel tax act, ~~2000 PA 403,~~ MCL 207.1151.

5 (e) "Gasoline" means that term as defined in section 3 of the  
6 motor fuel tax act, ~~2000 PA 403,~~ MCL 207.1003.

7 (f) "Interstate motor carrier" means a person who operates or  
8 causes to be operated a qualified commercial motor vehicle on a  
9 public road or highway in this state and at least 1 other state or  
10 Canadian province.

11 (g) "Motor fuel" means diesel fuel and gasoline.

12 (h) **"Motor fuel tax act" means the motor fuel tax act, 2000 PA**  
13 **403, MCL 207.1001 to 207.1170.**

14 (i) ~~(h)~~ "Person" means an individual, firm, partnership, joint  
15 venture, association, social club fraternal organization, municipal  
16 or private corporation whether or not organized for profit,  
17 company, limited liability company, estate, trust receiver,  
18 trustee, syndicate, the United States, this state, country, or any  
19 other group or combination acting as a unit, and the plural as well  
20 as the singular number, unless the intention to give a more limited  
21 meaning is disclosed by the context.

22 (j) ~~(i)~~ "Qualified commercial motor vehicle" means that term  
23 as defined in section 1 of the motor carrier fuel tax act, 1980 PA  
24 119, MCL 207.211.

25 (k) ~~(j)~~ "Sales tax" means the tax levied under the general  
26 sales tax act, 1933 PA 167, MCL 205.51 to 205.78.

27 (l) ~~(k)~~ "Tax" includes all taxes, interest, or penalties levied  
28 under this act.

29 (m) ~~(l)~~ "Taxpayer" means a person subject to tax under this

1 act.

2 (n) ~~(m)~~ "Use tax" means the tax levied under the use tax act,  
3 1937 PA 94, MCL 205.91 to 205.111.

4 Sec. 5. (1) ~~There~~ **Until the effective date of the amendatory**  
5 **act that added section 4ii of the use tax act, 1937 PA 94, MCL**  
6 **205.94ii, and beginning April 1, 2023, there** is levied upon and  
7 there shall be collected from every person in this state who is an  
8 interstate motor carrier a specific tax for the privilege of using  
9 or consuming motor fuel and alternative fuel in a qualified  
10 commercial motor vehicle in this state.

11 (2) For motor fuel upon which the tax imposed under subsection  
12 (1) applies, the tax shall be imposed at a cents-per-gallon rate  
13 equal to 6% of the statewide average retail price of a gallon of  
14 self-serve undyed No. 2 ultra-low sulfur diesel fuel or self-serve  
15 unleaded regular gasoline, as applicable, rounded down to the  
16 nearest 1/10 of a cent as determined and certified quarterly by the  
17 department. This tax on motor fuel used by interstate motor  
18 carriers in a qualified commercial motor vehicle ~~shall~~ **must** be  
19 collected under the international fuel tax agreement. An interstate  
20 motor carrier is entitled to a credit for 6% of the price of motor  
21 fuel purchased in this state **before the effective date of the**  
22 **amendatory act that added section 4ii of the use tax act, 1937 PA**  
23 **94, MCL 205.94ii, or after March 31, 2023,** and used in a qualified  
24 commercial motor vehicle. This credit ~~shall~~ **must** be claimed on the  
25 returns filed under the international fuel tax agreement.

26 (3) For alternative fuel upon which the tax imposed under  
27 subsection (1) applies, the tax shall be imposed at a cents-per-  
28 gallon rate, or cents-per-gallon equivalent rate, as applicable,  
29 equal to 6% of the average retail price of a gallon or gallon

1 equivalent, as applicable, of the applicable alternative fuel  
2 rounded down to the nearest 1/10 of a cent as determined and  
3 certified quarterly by the department. For purposes of this  
4 subsection, the average retail price is to be based on the  
5 statewide average price of the particular alternative fuel, as  
6 determined by the department, unless the department determines that  
7 a statewide average is not readily available. If a statewide  
8 average is not readily available, the department may use available  
9 regional or nationwide average retail pricing information, or when  
10 regional or nationwide pricing information cannot be readily  
11 obtained, may use the average retail price applicable to gasoline  
12 under subsection (2) for compressed natural gas or the average  
13 retail price applicable to diesel fuel under subsection (2) for all  
14 other types of alternative fuel, with adjustments as the department  
15 determines are appropriate to convert gasoline or diesel fuel  
16 prices to prices for alternative fuel.

17 (4) The tax on alternative fuel under subsection (3) used by  
18 interstate motor carriers in a qualified commercial motor vehicle  
19 shall be collected under the international fuel tax agreement. An  
20 interstate motor carrier is entitled to a credit for 6% of the  
21 price of alternative fuel purchased in this state **before the**  
22 **effective date of the amendatory act that added section 4ii of the**  
23 **use tax act, 1937 PA 94, MCL 205.94ii, or after March 31, 2023,** and  
24 used in a qualified commercial motor vehicle. This credit ~~shall~~  
25 **must** be claimed on the returns filed under the international fuel  
26 tax agreement.

27 (5) This section does not apply to an interstate motor carrier  
28 to the extent that the interstate motor carrier is exempt from the  
29 requirements of this section under a qualified fuel tax reciprocity

1 agreement as that term is defined in section 3 of 1960 PA 124, MCL  
2 3.163.

3 Enacting section 1. This amendatory act does not take effect  
4 unless all of the following bills of the 101st Legislature are  
5 enacted into law:

6 (a) Senate Bill No. 984.

7

8 (b) Senate Bill No. 986.