

# HOUSE BILL No. 4630

April 13, 1989, Introduced by Reps. Hertel, Knight and O'Neill  
and referred to the Committee on Transportation.

A bill to amend section 2 of Act No. 150 of the Public Acts  
of 1927, entitled as amended

"An act to prescribe a privilege tax for the use of the public highways by owners and drivers of motor vehicles by imposing a specific tax upon the sale or use, within the state of Michigan, of motor fuel; to prescribe the manner and the time of paying this tax and the duties of officials and others respecting the payment and collection of this tax; to provide for the licensing of wholesale distributors and the registration of retail dealers as defined in this act; to fix a time when this tax and interest and penalties thereon become a lien upon the property of persons, firms, associations, or corporations, subject to the payment of this tax; to provide for the enforcement of this lien; to permit the inspection and testing of petroleum products; to provide for certain exemptions and refunds and for the disposition of the proceeds of this tax; and to prescribe penalties for the violation of this act,"

as amended by Act No. 437 of the Public Acts of 1982, being section 207.102 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Section 2 of Act No. 150 of the Public Acts of  
2 1927, as amended by Act No. 437 of the Public Acts of 1982, being

1 section 207.102 of the Michigan Compiled Laws, is amended to read  
2 as follows:

3       Sec. 2. (1) A specific tax at a rate of cents per gallon  
4 determined under subsection (2) or (3) is imposed on all gasoline  
5 sold or used in producing or generating power for propelling  
6 motor vehicles used upon the public roads and highways in this  
7 state. The tax shall be paid at those times, in the manner, and  
8 by those persons specified in this act. It is the intent of this  
9 act to impose a tax upon the owners and drivers of motor vehicles  
10 using an internal combustion type of engine upon the public roads  
11 and highways of this state by requiring them to pay for the priv-  
12 ilege of using the public roads and highways of this state, in  
13 addition to the motor vehicle license tax.

14       (2) ~~Until January 1, 1983, the tax rate imposed under sub-~~  
15 ~~section (1) shall be 11 cents per gallon.~~ Beginning January 1,  
16 1983, and ending December 31, 1984, the tax rate imposed under  
17 subsection (1) for each 12-month period after December 31, 1982  
18 ~~—~~ shall be 11 cents per gallon or the tax rate calculated by  
19 the state commissioner of revenue as follows, with the final  
20 result of the calculation being rounded to the nearest 1/10 of a  
21 cent, whichever is the greater:

22       (a) The latest available maintenance index figure for the  
23 most recent preceding calendar year for which a maintenance index  
24 figure is available shall be divided by the maintenance index  
25 figure for 1980.

26       (b) The gallonage figure for the fiscal year ending  
27 September 30, 1980 ~~—~~ shall be divided by the gallonage figure

1 for the fiscal year preceding the 12-month period for which the  
2 tax is being calculated.

3 (c) The quotient derived in subdivision (a) shall be multi-  
4 plied by the quotient derived in subdivision (b).

5 (d) The product derived in subdivision (c) shall be multi-  
6 plied by 12 cents.

7 (3) Beginning January 1, 1985 AND THROUGH DECEMBER 31, 1989,  
8 the tax rate imposed under subsection (1) shall be the tax rate  
9 imposed for the 12-month period ending December 31, 1984.  
10 BEGINNING JANUARY 1, 1990, THE TAX RATE IMPOSED UNDER SUBSECTION  
11 (1) SHALL BE AT A RATE OF 17 CENTS PER GALLON.

12 (4) Notwithstanding any other provision of this section, if  
13 the United States department of transportation, federal highway  
14 administration, materially alters the component parts of the  
15 highway maintenance and operation index described in subsection  
16 ~~-(10)-~~ (7), the tax rate imposed under subsection (1) using the  
17 formula prescribed by subsection (2) shall not change from the  
18 tax rate imposed under subsection (1) immediately preceding the  
19 alteration.

20 (5) Notwithstanding any other provision of this section, the  
21 tax rate imposed under subsection (1) for a 12-month period shall  
22 not be more than 2 cents greater than the tax rate imposed for  
23 the previous 12-month period.

24 (6) The state commissioner of revenue shall notify each  
25 wholesale distributor and each retail dealer of gasoline in this  
26 state of the tax rate imposed under subsection (1) immediately  
27 after the tax rate is determined.

1       ~~(7) Notwithstanding any other provision of this section but~~  
2 ~~for subsections (8) and (9), a tax is imposed on all~~  
3 ~~alcohol gasoline fuel sold or used in producing or generating~~  
4 ~~power for propelling motor vehicles used upon the public roads~~  
5 ~~and highways in this state. The rates imposed by this subsection~~  
6 ~~shall apply only if the alcohol in the alcohol gasoline fuel was~~  
7 ~~produced or distilled in this state or in any other state that~~  
8 ~~provides a tax reduction, credit, or exemption for the sale or~~  
9 ~~use of alcohol gasoline fuel containing alcohol produced or dis-~~  
10 ~~tilled in this state that is at least equivalent to the per~~  
11 ~~gallon rate reduction provided by this subsection for the appli-~~  
12 ~~cable period from the rate specified by subsection (1). The tax~~  
13 ~~shall be the same as that imposed under subsection (1), except as~~  
14 ~~follows:~~

15       ~~(a) The tax rate per gallon for the balance of calendar year~~  
16 ~~1982, calendar year 1983, and calendar year 1984 shall be 5 cents~~  
17 ~~less than the tax rate imposed under subsection (1).~~

18       ~~(b) The tax rate per gallon for calendar year 1985 shall be~~  
19 ~~3 cents less than the tax rate imposed under subsection (1).~~

20       ~~(c) The tax rate per gallon for calendar year 1986 shall be~~  
21 ~~2 cents less than the tax rate imposed under subsection (1).~~

22       ~~(8) Notwithstanding any other provision of this section~~  
23 ~~except for subsection (9), a tax is imposed on all~~  
24 ~~alcohol gasoline fuel to which subsection (7) does not apply and~~  
25 ~~which is sold or used in producing or generating power for pro-~~  
26 ~~PELLING motor vehicles used upon the public roads and highways in~~

~~1 this state. The tax shall be the same as that imposed under  
2 subsection (1), except as follows:~~

~~3 (a) The tax rate per gallon for the balance of calendar year  
4 1982 shall be 5 cents less than the tax rate imposed under sub-  
5 section (1).~~

~~6 (b) The tax rate per gallon for calendar year 1983 shall be  
7 3 cents less than the tax rate imposed under subsection (1).~~

~~8 (c) The tax rate per gallon for calendar year 1984 shall be  
9 2 cents less than the tax rate imposed under subsection (1).~~

~~10 (9) If, after January 1, 1983, the federal government  
11 increases the tax it imposes upon the sale of gasoline in this  
12 state and if the tax imposed by the federal government upon the  
13 sale of alcohol gasoline fuel in this state is more than 4 cents  
14 per gallon less than the tax imposed by the federal government  
15 upon the sale of gasoline in this state, the amount by which the  
16 difference in the tax per gallon of the fuels exceeds 4 cents  
17 shall be added to the rate per gallon that would otherwise be  
18 imposed upon the sale or use of alcohol gasoline fuel in this  
19 state under subsections (7) and (8). However, the tax on the  
20 sale or use of alcohol gasoline fuel in this state shall not  
21 exceed the tax on the sale of gasoline in this state.~~

~~22 (7) -(10) As used in this section:~~

~~23 (a) "Gallonage figure" means the number of gallons of gaso-  
24 line, alcohol-gasoline fuel, liquefied petroleum gas, diesel  
25 motor fuel, and any other fuel taxed under this act during a des-  
26 ignated year.~~

1 (b) "Maintenance index figure" means the maintenance index  
2 total for a designated year as reported in the highway  
3 maintenance and operation index published annually by the United  
4 States department of transportation, federal highway  
5 administration: cost trends--highway maintenance and operation.

6 Section 2. This amendatory act shall not take effect unless  
7 all of the following bills of the 85th Legislature are enacted  
8 into law:

9 (a) Senate Bill No. \_\_\_\_ or House Bill No. 4632 (request  
10 no. 02167'89).

11 (b) Senate Bill No. \_\_\_\_ or House Bill No. 4631 (request  
12 no. 02618'89).