

SENATE BILL NO. 986

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

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending section 21 (MCL 205.111), as amended by 2021 PA 109,
and by adding section 4ii.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 4ii. (1) Beginning on the effective date of the**
2 **amendatory act that added this section through March 31, 2023, the**
3 **storage, use, or consumption of eligible fuel is exempt from the**
4 **tax imposed by this act.**

5 **(2) As used in this section, "eligible fuel" means any fuel**

1 **subject to the tax levied under the motor fuel tax act, 2000 PA**
2 **403, MCL 207.1001 to 207.1170.**

3 Sec. 21. (1) Except as provided in subsections (2), (3), (4),
4 and (5), all money received and collected under this act must be
5 deposited by the department of treasury in the state treasury to
6 the credit of the general fund, to be disbursed only by
7 appropriations by the legislature.

8 (2) The collections from the use tax imposed at the additional
9 rate of 2% approved by the electors on March 15, 1994 must be
10 deposited in the state school aid fund established in section 11 of
11 article IX of the state constitution of 1963.

12 (3) From the money received and collected under this act for
13 the state share, an amount equal to all revenue lost under the
14 state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and
15 all revenue lost from basic school operating mills, as a result of
16 the exemption of personal property under sections 9m, 9n, and 9o of
17 the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and
18 211.9o, and all revenue lost to the school aid fund as a result of
19 the exemptions under sections 4(1)(gg), ~~and 4cc~~, **and 4ii**, as
20 determined by the department, must be deposited into the state
21 school aid fund established by section 11 of article IX of the
22 state constitution of 1963. Funds deposited into the state school
23 aid fund under this subsection must not include the portion of the
24 state share of the use tax imposed at the additional rate of 2%
25 approved by the electors of this state on March 15, 1994 and
26 dedicated for aid to schools under subsection (2). A person that
27 claims an exemption under section 4cc shall report the purchase
28 price of the data center equipment as defined in section 4cc and
29 any other information necessary to determine the amount of revenue

1 lost to the school aid fund as a result of the exemption under
2 section 4cc annually on a form at the time and in a manner
3 prescribed by the department. The report required under this
4 subsection must not include any remittance for tax and does not
5 constitute a return or otherwise alleviate the person's obligations
6 under section 6.

7 (4) Money received and collected under this act for the local
8 community stabilization share is not state funds, must not be
9 credited to the state treasury, and must be transmitted to the
10 authority for deposit in the treasury of the authority, to be
11 disbursed by the authority only as authorized under the local
12 community stabilization authority act, 2014 PA 86, MCL 123.1341 to
13 123.1362. The local community stabilization share is a local tax,
14 not a state tax, and money received and collected for the local
15 community stabilization share is money of the authority and not
16 money of this state.

17 (5) Beginning October 1, 2016 and the first day of each
18 calendar quarter thereafter, from the money received and collected
19 under this act for the state share, an amount equal to the
20 collections for the calendar quarter that is 2 calendar quarters
21 immediately preceding the current calendar quarter of the tax
22 imposed under this act at the additional rate of 2% approved by the
23 electors on March 15, 1994 from the use, storage, or consumption of
24 aviation fuel must be distributed as follows:

25 (a) An amount equal to 35% of the collections of the tax
26 imposed at a rate of 2% on the use, storage, or consumption of
27 aviation fuel must be deposited in the state aeronautics fund and
28 must be expended, on appropriation, only for those purposes
29 authorized in the aeronautics code of the state of Michigan, 1945

1 PA 327, MCL 259.1 to 259.208.

2 (b) An amount equal to 65% of the collections of the tax
3 imposed at a rate of 2% on the use, storage, or consumption of
4 aviation fuel must be deposited in the qualified airport fund and
5 must be expended, on appropriation, only for those purposes
6 authorized under section 35 of the aeronautics code of the state of
7 Michigan, 1945 PA 327, MCL 259.35.

8 (6) The department shall, on an annual basis, reconcile the
9 amounts distributed under subsection (5) during each fiscal year
10 with the amounts actually collected for a particular fiscal year
11 and shall make any necessary adjustments, positive or negative, to
12 the amounts to be distributed for the next successive calendar
13 quarter that begins January 1. The state treasurer or his or her
14 designee shall annually provide to the operator of each qualified
15 airport a report of the reconciliation performed under this
16 subsection. The reconciliation report is subject to the
17 confidentiality restrictions and penalties provided in section
18 28(1)(f) of 1941 PA 122, MCL 205.28.

19 (7) As used in this section:

20 (a) "Aviation fuel" means fuel as that term is defined in
21 section 4 of the aeronautics code of the state of Michigan, 1945 PA
22 327, MCL 259.4.

23 (b) "Qualified airport" means that term as defined in section
24 109 of the aeronautics code of the state of Michigan, 1945 PA 327,
25 MCL 259.109.

26 (c) "Qualified airport fund" means the qualified airport fund
27 created in section 34(2) of the aeronautics code of the state of
28 Michigan, 1945 PA 327, MCL 259.34.

29 (d) "State aeronautics fund" means the state aeronautics fund

- 1 created in section 34(1) of the aeronautics code of the state of
- 2 Michigan, 1945 PA 327, MCL 259.34.