

HOUSE BILL NO. 6176

June 09, 2022, Introduced by Reps. Fink and Hall and referred to the Committee on Tax Policy.

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending sections 6c and 21 (MCL 205.96c and 205.111), section
6c as added by 2015 PA 263 and section 21 as amended by 2021 PA
109, and by adding sections 4gg and 4ii.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 4gg. (1) Notwithstanding section 4k, beginning October 1,**
2 **2022, the storage, use, or consumption of aviation fuel is exempt**
3 **from the tax under this act.**

1 (2) As used in this section, "aviation fuel" means fuel as
2 that term is defined in section 4 of the aeronautics code of the
3 state of Michigan, 1945 PA 327, MCL 259.4.

4 Sec. 4ii. (1) Beginning October 1, 2022, the storage, use, or
5 consumption of eligible fuel is exempt from the tax under this act.

6 (2) As used in this section, "eligible fuel" means any fuel
7 subject to the tax levied under the motor fuel tax act, 2000 PA
8 403, MCL 207.1001 to 207.1170.

9 Sec. 6c. (1) Beginning April 1, 2016 and each calendar quarter
10 thereafter **through September 30, 2022**, every person storing, using,
11 or consuming aviation fuel, the storage, use, or consumption of
12 which is subject to the tax imposed by this act when the tax was
13 not paid to a seller, and every seller collecting the tax from the
14 purchaser from sales of aviation fuel shall, on or before the last
15 day of the month in the month that immediately follows the end of a
16 calendar quarter, file an informational report with the department
17 on a form prescribed by the department showing all of the following
18 for the immediately preceding calendar quarter:

19 (a) The entire amount of taxable aviation fuel sold or
20 purchased by the person, as applicable.

21 (b) The amount of tax for which the person is liable from the
22 purchase or sale of aviation fuel.

23 (c) The number of taxable gallons of aviation fuel sold or
24 purchased by the person, as applicable, at each airport and the
25 gross proceeds from the sales or purchase of those gallons of
26 aviation fuel, as applicable.

27 (d) Any other information the department considers necessary
28 for the proper administration of this act.

29 (2) The report required under this section ~~shall~~**must** not

1 include any remittance for tax and does not constitute a return or
2 otherwise alleviate the person's obligations under section 6.

3 (3) A person required to file the informational report under
4 this section that fails or refuses to file the informational report
5 within the time and in the manner specified in this section ~~shall~~
6 ~~be~~**is** liable for a penalty of \$10.00 per day for each day for each
7 separate failure or refusal up to, but not exceeding, a maximum
8 penalty of \$500.00 for each separate violation. The department may
9 waive the penalty if the taxpayer demonstrates to the satisfaction
10 of the department that the failure to file was due to reasonable
11 cause.

12 (4) As used in this section, "aviation fuel" means fuel as
13 that term is defined in section 4 of the aeronautics code of the
14 state of Michigan, 1945 PA 327, MCL 259.4.

15 Sec. 21. (1) Except as **otherwise** provided in ~~subsections (2),~~
16 ~~(3), (4), and (5),~~ **this section**, all money received and collected
17 under this act must be deposited by the department ~~of treasury~~ in
18 the state treasury to the credit of the general fund, to be
19 disbursed only by appropriations by the legislature.

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

24 (3) From the money received and collected under this act for
25 the state share, an amount equal to all revenue lost under the
26 state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and
27 all revenue lost from basic school operating mills, as a result of
28 the exemption of personal property under sections 9m, 9n, and 9o of
29 the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and

1 211.90, and all revenue lost to the school aid fund as a result of
2 the exemptions under sections 4(1)(gg) and 4cc, as determined by
3 the department, must be deposited into the state school aid fund
4 established by section 11 of article IX of the state constitution
5 of 1963. Funds deposited into the state school aid fund under this
6 subsection must not include the portion of the state share of the
7 use tax imposed at the additional rate of 2% approved by the
8 electors of this state on March 15, 1994 and dedicated for aid to
9 schools under subsection (2). A person that claims an exemption
10 under section 4cc shall report the purchase price of the data
11 center equipment as defined in section 4cc and any other
12 information necessary to determine the amount of revenue lost to
13 the school aid fund as a result of the exemption under section 4cc
14 annually on a form at the time and in a manner prescribed by the
15 department. The report required under this subsection must not
16 include any remittance for tax and does not constitute a return or
17 otherwise alleviate the person's obligations under section 6.

18 (4) Money received and collected under this act for the local
19 community stabilization share is not state funds, must not be
20 credited to the state treasury, and must be transmitted to the
21 authority for deposit in the treasury of the authority, to be
22 disbursed by the authority only as authorized under the local
23 community stabilization authority act, 2014 PA 86, MCL 123.1341 to
24 123.1362. The local community stabilization share is a local tax,
25 not a state tax, and money received and collected for the local
26 community stabilization share is money of the authority and not
27 money of this state.

28 (5) ~~Beginning~~ **Except as otherwise provided in subsection (6),**
29 **beginning** October 1, 2016 and the first day of each calendar

1 quarter thereafter, **through September 30, 2022**, from the money
2 received and collected under this act for the state share, an
3 amount equal to the collections for the calendar quarter that is 2
4 calendar quarters immediately preceding the current calendar
5 quarter of the tax imposed under this act at the additional rate of
6 2% approved by the electors on March 15, 1994 from the use,
7 storage, or consumption of aviation fuel must be distributed as
8 follows:

9 (a) An amount equal to 35% of the collections of the tax
10 imposed at a rate of 2% on the use, storage, or consumption of
11 aviation fuel must be deposited in the state aeronautics fund and
12 must be expended, on appropriation, only for those purposes
13 authorized in the aeronautics code of the state of Michigan, 1945
14 PA 327, MCL 259.1 to 259.208.

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

21 (6) ~~The~~ **For fiscal years ending before October 1, 2022, the**
22 department shall, on an annual basis, reconcile the amounts
23 distributed under subsection (5) during each fiscal year with the
24 amounts actually collected for a particular fiscal year and, **except**
25 **as otherwise provided in this subsection**, shall make any necessary
26 adjustments, positive or negative, to the amounts to be distributed
27 for the next successive calendar quarter that begins January 1. The
28 **department may transfer money between funds, delay and adjust a**
29 **distribution under subsection (5), or take any other action that**

1 the department considers necessary to account for any necessary
2 adjustments, positive or negative, resulting from the
3 reconciliation under this subsection for the fiscal year ending
4 September 30, 2022. For fiscal years ending before October 1, 2022,
5 the state treasurer or his or her designee shall annually provide
6 to the operator of each qualified airport a report of the
7 reconciliation performed under this subsection. The reconciliation
8 report is subject to the confidentiality restrictions and penalties
9 provided in section 28(1)(f) of 1941 PA 122, MCL 205.28.

10 (7) As used in this section:

11 (a) "Aviation fuel" means fuel as that term is defined in
12 section 4 of the aeronautics code of the state of Michigan, 1945 PA
13 327, MCL 259.4.

14 (b) "Qualified airport" means that term as defined in section
15 109 of the aeronautics code of the state of Michigan, 1945 PA 327,
16 MCL 259.109.

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

20 (d) "State aeronautics fund" means the state aeronautics fund
21 created in section 34(1) of the aeronautics code of the state of
22 Michigan, 1945 PA 327, MCL 259.34.