

HOUSE BILL NO. 4180

March 06, 2025, Introduced by Reps. Steele, Hoadley, Bierlein, Thompson, BeGole, Johnsen, Tisdell, Borton, Kelly, Cavitt, Woolford, Kuhn, Prestin, St. Germaine, Frisbie, DeBoyer, Markkanen, Meerman, Roth, Jenkins-Arno, Bollin, Alexander, Bruck, Lightner, Rigas, Kunse, Martin, Outman and VanderWall and referred to Committee on Transportation and Infrastructure.

A bill to amend 1933 PA 167, entitled "General sales tax act," by amending sections 6a and 6c (MCL 205.56a and 205.56c), section 6a as amended by 2015 PA 264 and section 6c as added by 2015 PA 262, and by adding sections 4gg and 4hh.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 4gg. (1) Notwithstanding section 4x, beginning October 1,**
2 **2025, the sale at retail of aviation fuel is exempt from the tax**
3 **under this act.**

4 **(2) As used in this section, "aviation fuel" means fuel as**

1 that term is defined in section 4 of the aeronautics code of the
2 state of Michigan, 1945 PA 327, MCL 259.4.

3 Sec. 4hh. (1) Beginning October 1, 2025, the sale at retail of
4 eligible fuel is exempt from the tax under this act.

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

8 Sec. 6a. (1) Through March 31, 2013, at the time of purchase
9 or shipment from a refiner, pipeline terminal operator, or marine
10 terminal operator, a purchaser or receiver of gasoline shall prepay
11 a portion of the tax imposed by this act at the rate provided in
12 this section to the refiner, pipeline terminal operator, or marine
13 terminal operator for the purchase or receipt of gasoline. If the
14 purchase or receipt of gasoline is made outside this state for
15 shipment into and subsequent sale within this state, the purchaser
16 or receiver, other than a refiner, pipeline terminal operator, or
17 marine terminal operator, shall make the prepayment required by
18 this section directly to the department. Prepayments for gasoline
19 ~~shall~~**must** be made at a cents-per-gallon rate determined by the
20 department and ~~shall~~**must** be based on 6% of the statewide average
21 retail price of a gallon of self-serve unleaded regular gasoline as
22 determined and certified by the department rounded up to the
23 nearest 1/10 of 1 cent. A person that makes prepayments directly to
24 the department shall make those prepayments according to the
25 schedule in subsection (6).

26 (2) Beginning April 1, 2013 through March 31, 2016, at the
27 time of purchase or shipment from a refiner, pipeline terminal
28 operator, or marine terminal operator, a purchaser or receiver of
29 fuel shall prepay a portion of the tax imposed by this act at the

1 rates provided in this section to the refiner, pipeline terminal
2 operator, or marine terminal operator for the purchase or receipt
3 of fuel. If the purchase or receipt of fuel is made outside this
4 state for shipment into and subsequent sale within this state, the
5 purchaser or receiver, other than a refiner, pipeline terminal
6 operator, or marine terminal operator, shall make the prepayment
7 required by this section directly to the department. Prepayments
8 for gasoline ~~shall~~**must** be made at a cents-per-gallon rate
9 determined by the department and ~~shall~~**must** be based on 6% of the
10 statewide average retail price of a gallon of self-serve unleaded
11 regular gasoline as determined and certified by the department
12 rounded up to the nearest 1/10 of 1 cent. Prepayments for diesel
13 fuel ~~shall~~**must** be made at a cents-per-gallon rate determined by
14 the department and ~~shall~~**must** be based on 6% of the statewide
15 average retail price of a gallon of undyed No. 2 ultra-low sulfur
16 diesel fuel as determined and certified by the department rounded
17 up to the nearest 1/10 of 1 cent. A person that makes prepayments
18 directly to the department shall make those prepayments according
19 to the schedule in subsection (6).

20 (3) Beginning April 1, 2016 **through September 30, 2025**, at the
21 time of purchase or shipment in this state from a refiner, pipeline
22 terminal operator, or marine terminal operator, a purchaser or
23 receiver of fuel other than an exporter or supplier for immediate
24 export, as evidenced by the terminal's shipping papers or bill of
25 lading, shall prepay a portion of the tax imposed by this act at
26 the rates provided in this section to the refiner, pipeline
27 terminal operator, or marine terminal operator for the purchase or
28 receipt of fuel. If the purchase or receipt of fuel is made outside
29 this state for shipment into and subsequent sale within this state,

1 the purchaser or receiver, other than a refiner, pipeline terminal
2 operator, or marine terminal operator as part of a bulk transfer,
3 shall make the prepayment required by this section directly to the
4 department. Prepayments for gasoline ~~shall~~**must** be made at a cents-
5 per-gallon rate determined by the department and ~~shall~~**must** be
6 based on 6% of the statewide average retail price of a gallon of
7 self-serve unleaded regular gasoline as determined and certified by
8 the department rounded up to the nearest 1/10 of 1 cent.
9 Prepayments for diesel fuel ~~shall~~**must** be made at a cents-per-
10 gallon rate determined by the department and ~~shall~~**must** be based on
11 6% of the statewide average retail price of a gallon of undyed No.
12 2 ultra-low sulfur diesel fuel as determined and certified by the
13 department rounded up to the nearest 1/10 of 1 cent. A person that
14 makes prepayments directly to the department shall make those
15 prepayments according to the schedule in subsection (6).

16 (4) ~~The~~**Through September 30, 2025, the department shall**
17 **determine the** rates of prepayment ~~applied~~**applicable to gasoline**
18 **and diesel fuel** pursuant to subsections (2) and (3) ~~shall be~~
19 ~~determined every month by the department. The department~~ **and** shall
20 publish notice of ~~the~~**those** rates of prepayment ~~applicable to~~
21 ~~gasoline and diesel fuel pursuant to subsections (2) and (3)~~ not
22 later than the tenth day of the month immediately preceding the
23 month in which the rate is effective.

24 (5) A person subject to tax under this act that makes
25 prepayment to another person as required by this section for
26 gasoline may claim an estimated prepayment credit on its regular
27 monthly return filed pursuant to section 6. The credit ~~shall~~**must**
28 be for prepayments made during the month for which the return is
29 required and ~~shall~~**must** be based upon the difference between

1 prepayments made in the immediately preceding month and collections
 2 of prepaid tax received from sales or transfers during the month
 3 for which the return required under section 6 is made. A sale or
 4 transfer for which collection of prepaid tax is due the taxpayer is
 5 subject to a bad debt deduction under section 4i, whether or not
 6 the sale or transfer is a sale at retail. The credit ~~shall~~**must** not
 7 be reduced because of actual shrinkage. A taxpayer that does not,
 8 in the ordinary course of business, sell gasoline in each month of
 9 the year may, with the approval of the department, base the initial
 10 prepayment deduction in each tax year on prepayments made in a
 11 month other than the immediately preceding month. The difference in
 12 actual prepayments ~~shall~~**must** be reconciled on the annual return ~~in~~
 13 ~~accordance with~~**pursuant to** procedures prescribed by the
 14 department.

15 (6) Notwithstanding the other provisions for the payment and
 16 remitting of tax due under this act, a refiner, pipeline terminal
 17 operator, or marine terminal operator shall account for and remit
 18 to the department the prepayments received ~~pursuant to~~**under** this
 19 section ~~in accordance with~~**pursuant to** the following schedule:

20 (a) On or before the twenty-fifth of each month, prepayments
 21 received after the end of the preceding month and before the
 22 sixteenth of the month in which the prepayments are made.

23 (b) On or before the tenth of each month, payments received
 24 after the fifteenth and before the end of the preceding month.

25 (7) A refiner, pipeline terminal operator, or marine terminal
 26 operator that fails to remit prepayments made by a purchaser or
 27 receiver of fuel is subject to the penalties provided by 1941 PA
 28 122, MCL 205.1 to 205.31.

29 (8) The refiner, pipeline terminal operator, or marine

1 terminal operator shall not receive a deduction under section 4 for
2 receiving and remitting prepayments from a purchaser or receiver
3 pursuant to this section.

4 (9) The purchaser or receiver of fuel that makes prepayments
5 is not subject to further liability for the amount of the
6 prepayment if the refiner, pipeline terminal operator, or marine
7 terminal operator fails to remit the prepayment.

8 (10) A person subject to tax under this act that makes
9 prepayment to another person as required by this section for diesel
10 fuel may claim an estimated prepayment credit on its regular
11 monthly return filed pursuant to section 6. The credit ~~shall~~**must**
12 be for prepayments made during the month for which the return is
13 required and ~~shall~~**must** be based upon the difference between the
14 prepayments made in the immediately preceding month and collections
15 of prepaid tax received from sales or transfers during the month
16 for which the return required under section 6 is made. A sale or
17 transfer for which collection of prepaid tax is due the taxpayer is
18 subject to a bad debt deduction under section 4i, whether or not
19 the sale or transfer is a sale at retail. The credit ~~shall~~**must** not
20 be reduced because of actual shrinkage. A taxpayer that does not,
21 in the ordinary course of business, sell diesel fuel in each month
22 of the year may, with the approval of the department, base the
23 initial prepayment deduction in each tax year on prepayments made
24 in a month other than the immediately preceding month. Estimated
25 prepayment credits claimed with the return due in April 2013 ~~shall~~
26 **must** be based on the taxpayer's retail sales of diesel fuel in
27 March 2013. The difference in actual prepayments ~~shall~~**must** be
28 reconciled on the annual return ~~in accordance with~~**pursuant to**
29 procedures prescribed by the department. Repayment of the credit

1 claimed on the return due in April 2013 ~~shall~~**must** be made by the
2 earlier of the date that the taxpayer stops selling diesel fuel or
3 October 15, 2013.

4 (11) As used in this section:

5 (a) "Alcohol" means fuel grade ethanol or a mixture of fuel
6 grade ethanol and another product.

7 (b) "Blendstock" includes all of the following:

8 (i) Any petroleum product component of fuel, such as naphtha,
9 reformate, or toluene.

10 (ii) Any oxygenate that can be blended for use in a motor fuel.

11 (c) "Boat terminal transfer" means a dock, a tank, or
12 equipment contiguous to a dock or a tank, including equipment used
13 in the unloading of fuel from a ship and in transferring the fuel
14 to a tank pending wholesale bulk reshipment.

15 (d) "Bulk transfer" means a transfer of fuel from, or purchase
16 for resale by, a refiner, pipeline terminal operator, or marine
17 terminal operator to or from another refiner, pipeline terminal
18 operator, or marine terminal operator through pipeline tender or
19 marine delivery, including pipeline movements of fuel or marine
20 vessel movements of fuel. Bulk transfer also includes a transaction
21 involving the transfer by any transportation means to, or purchase
22 for resale by, a refiner, pipeline terminal operator, or marine
23 terminal operator of alcohol to be used exclusively for blending
24 with gasoline. Notwithstanding anything to the contrary in this
25 definition, fuel transferred to, or purchased for resale by, a
26 refiner, pipeline terminal operator, or marine terminal operator
27 must be delivered to, or otherwise remain within, the bulk transfer
28 terminal system ~~prior to~~**before** removal across the rack in order to
29 constitute a bulk transfer.

1 (e) "Bulk transfer terminal system" means the fuel
2 distribution system consisting of refineries, pipelines, marine
3 vessels, and terminals and includes fuel storage tanks and fuel
4 storage facilities that are part of a refinery, boat terminal
5 transfer, or terminal owned, operated, or controlled by a refiner,
6 marine terminal operator, or pipeline terminal operator.

7 (f) "Diesel fuel" means any liquid other than gasoline that is
8 capable of use as a fuel or a component of a fuel in a motor
9 vehicle that is propelled by a diesel-powered engine or in a
10 diesel-powered train. Diesel fuel includes number 1 and number 2
11 fuel oils, kerosene, and mineral spirits. Diesel fuel also includes
12 any blendstock or additive that is sold for blending with diesel
13 fuel and any liquid prepared, advertised, offered for sale, sold
14 for use as, or used in the generation of power for the propulsion
15 of a diesel-powered engine, airplane, or marine vessel. An additive
16 or blendstock is presumed to be sold for blending unless a
17 certification is obtained for federal purposes that the substance
18 is for a use other than blending for diesel fuel. Diesel fuel does
19 not include dyed diesel fuel, dyed kerosene, or an excluded liquid.

20 (g) "Dyed diesel fuel" means diesel fuel that is dyed ~~in~~
21 ~~accordance with internal revenue service~~ **pursuant to Internal**
22 **Revenue Service** rules or pursuant to any other ~~internal revenue~~
23 ~~service~~ **Internal Revenue Service** requirements, including any
24 invisible marker requirements.

25 (h) "Dyed kerosene" means kerosene that is dyed ~~in accordance~~
26 ~~with internal revenue service~~ **pursuant to Internal Revenue Service**
27 rules or pursuant to any other ~~internal revenue service~~ **Internal**
28 **Revenue Service** requirements, including invisible marker
29 requirements.

1 (i) "Excluded liquid" means that term as defined in 26 CFR
2 48.4081-1.

3 (j) "Export" means to purchase or receive fuel in this state
4 for immediate shipment and subsequent sale outside of this state.

5 (k) "Exporter" means a person that exports fuel and is
6 licensed under section 86 of the motor fuel tax act, 2000 PA 403,
7 MCL 207.1086.

8 (l) "Fuel" means gasoline and diesel fuel that is subject to
9 tax under this act, collectively, except when gasoline or diesel
10 fuel is referred to separately.

11 (m) "Gasoline" means and includes gasoline, alcohol, gasohol,
12 casing head or natural gasoline, benzol, benzine, naphtha,
13 methanol, transmix, any blendstock additive, or other product that
14 is sold for blending with gasoline or for use on the road, other
15 than products typically sold in containers of less than 5 gallons.
16 Gasoline also includes a liquid prepared, advertised, offered for
17 sale, sold for use as, or used in the generation of power for the
18 propulsion of a motor vehicle, airplane, or marine vessel,
19 including a product obtained by blending together any 1 or more
20 products of petroleum, with or without another product, and
21 regardless of the original character of the petroleum products
22 blended, if the product obtained by the blending is capable of use
23 in the generation of power for the propulsion of a motor vehicle,
24 airplane, or marine vessel. The blending of all of the above-named
25 products, regardless of their name or characteristics, ~~shall is~~
26 conclusively ~~be~~ presumed to have been done to produce fuel, unless
27 the product obtained by the blending is entirely incapable of use
28 as fuel. An additive or blendstock is presumed to be sold for
29 blending unless a certification is obtained for federal purposes

1 that the substance is for a use other than blending for gasoline.
2 Gasoline does not include diesel fuel, dyed diesel fuel, dyed
3 kerosene, or an excluded liquid.

4 (n) "Kerosene" means all grades of kerosene, including, but
5 not limited to, the 2 grades of kerosene, No. 1-K and No. 2-K,
6 commonly known as K-1 kerosene and K-2 kerosene, respectively,
7 described in American ~~society for testing and materials~~ **Society for**
8 **Testing and Materials** specification D-3699, in effect on January 1,
9 1999, and kerosene-type jet fuel described in American ~~society for~~
10 ~~testing and materials~~ **Society for Testing and Materials**
11 specification D-1655 and military specifications MIL-T-5624r and
12 MIL-T-83133d (grades jp-5 and jp-8), and any successor ~~internal~~
13 ~~revenue service~~ **Internal Revenue Service** rules or regulations, as
14 the specification for kerosene and kerosene-type jet fuel. Kerosene
15 does not include dyed kerosene or an excluded liquid.

16 (o) "Marine terminal operator" means a person that stores fuel
17 at a boat terminal transfer.

18 (p) "Pipeline terminal operator" means a person that stores
19 fuel in tanks and equipment used in receiving and storing fuel from
20 interstate and intrastate pipelines pending wholesale bulk
21 reshipment.

22 (q) "Purchase", "receipt", or "shipment" does not include a
23 two-party exchange, a bulk transfer, or a receipt of fuel as part
24 of a bulk transfer.

25 (r) "Rack" means a mechanism for delivering fuel from a
26 refiner, a pipeline terminal operator, or a marine terminal
27 operator into a railroad tank car, a transport truck, a tank wagon,
28 or the fuel supply tank of a marine vessel.

29 (s) "Refiner" means a person that meets all of the following

1 requirements:

2 (i) Manufactures or produces fuel at a refinery by any process
3 involving substantially more than the blending of fuel.

4 (ii) Is a taxable fuel registrant that is a refiner for
5 purposes of 26 CFR 48.4081-1.

6 (t) "Refinery" means a facility used by a refiner to produce
7 fuel from crude oil, unfinished oils, natural gas liquids, or other
8 hydrocarbons and from which fuel may be removed by pipeline or
9 marine vessel or at a rack.

10 (u) "Removal" or "removed" means a physical transfer other
11 than by evaporation, loss, or destruction of fuel from a refiner,
12 pipeline terminal operator, or marine terminal operator.

13 (v) "Supplier" means a supplier or permissive supplier
14 licensed under section 70 or 73 of the motor fuel tax act, 2000 PA
15 403, MCL 207.1070 and 207.1073.

16 (w) "Tank wagon" means a straight truck having 1 or more
17 compartments other than the fuel supply tank designed or used to
18 carry fuel.

19 (x) "Terminal" means a fuel storage and distribution facility
20 that meets all of the following requirements:

21 (i) Is registered as a qualified terminal by the ~~internal~~
22 ~~revenue service.~~ **Internal Revenue Service.**

23 (ii) Is supplied by pipeline or marine vessel.

24 (iii) Has a rack from which fuel may be removed.

25 (y) "Transport truck" means a semitrailer combination rig
26 designed or used for the purpose of transporting fuel over the
27 public roads or highways.

28 (z) "Transmix" means the mixed product that results from the
29 buffer or interface of 2 different products in a pipeline shipment,

1 or a mixture of 2 different products within a terminal operated by
2 a pipeline terminal operator, within a boat terminal transfer
3 operated by a marine terminal operator, or at a refinery that
4 results in an off-grade mixture.

5 (aa) "Two-party exchange" means a transaction, including a
6 book transfer, in which fuel is transferred from 1 supplier to
7 another supplier where all of the following occur:

8 (i) The transaction includes a transfer of fuel from the person
9 who holds the original inventory position for the fuel in fuel
10 storage tanks as reflected in the records of the refiner, pipeline
11 terminal operator, or marine terminal operator.

12 (ii) The exchange transaction is completed before removal
13 across the rack by the receiving supplier.

14 (iii) The refiner, pipeline terminal operator, or marine
15 terminal operator in its books and records treats the receiving
16 exchange party as the supplier that removes the fuel across a rack
17 for purposes of reporting the transaction to the department under
18 the motor fuel tax act, 2000 PA 403, MCL 207.1001 to 207.1170.

19 Sec. 6c. (1) Beginning April 1, 2016 and each calendar quarter
20 thereafter **through September 30, 2025**, each taxpayer making sales
21 at retail of aviation fuel shall, on or before the last day of the
22 month in the month that immediately follows the end of a calendar
23 quarter, file an informational report with the department on a form
24 prescribed by the department showing all of the following for the
25 immediately preceding calendar quarter:

26 (a) The entire amount of the taxpayer's taxable sales at
27 retail of aviation fuel.

28 (b) The gross proceeds of the taxpayer's business from taxable
29 sales at retail of aviation fuel.

1 (c) The amount of tax for which the taxpayer is liable from
2 sales at retail of aviation fuel.

3 (d) The number of taxable gallons of aviation fuel sold by the
4 taxpayer at each airport and the gross proceeds from the sales of
5 those gallons of aviation fuel.

6 (e) Any other information the department considers necessary
7 for the proper administration of this act.

8 (2) The report required under this section ~~shall~~**must** not
9 include any remittance for tax, and does not constitute a return or
10 otherwise alleviate the taxpayer's obligations under section 6.

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

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

23 Enacting section 1. This amendatory act does not take effect
24 unless all of the following bills of the 103rd Legislature are
25 enacted into law:

26 (a) House Bill No. 4183 (request no. H00173'25).

27 (b) House Bill No. 4182 (request no. H00188'25).

28 (c) House Bill No. 4181 (request no. H00189'25).

29 (d) House Bill No. 4185 (request no. H00194'25).

- 1 (e) House Bill No. 4186 (request no. H01354'25).
- 2 (f) House Bill No. 4187 (request no. H02009'25).
- 3 (g) House Bill No. 4184 (request no. H02112'25).