

HOUSE BILL NO. 5434

December 23, 2025, Introduced by Rep. Outman and referred to Committee on Transportation and Infrastructure.

A bill to amend 1980 PA 119, entitled
"Motor carrier fuel tax act,"
by amending the title and sections 1, 2, 2a, 5, 8, 9, and 10 (MCL
207.211, 207.212, 207.212a, 207.215, 207.218, 207.219, and
207.220), section 1 as amended by 2024 PA 219 and sections 2, 2a,
5, 8, 9, and 10 as amended by 2015 PA 178.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE
2 An act to prescribe a privilege tax for the use of public

roads and highways of this state by motor carriers by imposing a specific tax ~~upon~~**on** the use of motor fuel, **alternative fuel, and electric fuel** within this state; to provide for certain credits against this tax and certain mechanisms for paying, collecting, and enforcing this tax; to provide for the licensing of motor carriers and for exemptions from licensure; to require the keeping and providing for the examination of certain reports; to provide review procedures for the assessment of the tax and revocation of a license; to impose certain duties ~~upon~~**on** and confer certain powers to certain state departments and agencies; to prescribe certain penalties for the violation of this act; **to provide for the promulgation of rules**; and to make appropriations.

Sec. 1. As used in this act:

(a) "Alternative fuel" means that term as defined in section 151 of the motor fuel tax act, 2000 PA 403, MCL 207.1151.

(b) "Alternative fuel dealer" means that term as defined in section 151 of the motor fuel tax act, 2000 PA 403, MCL 207.1151.

(c) "Axle" means any 2 or more load-carrying wheels mounted in a single transverse vertical plane.

(d) "Commissioner" means the state treasurer.

(e) "Department" means the department of treasury.

(f) "Electric fuel" means that term as defined in section 157 of the motor fuel tax act, 2000 PA 403, MCL 207.1157.

(g) ~~(f)~~ "Gallon equivalent" equivalent of alternative fuel means **gallon equivalent as** that term ~~as is~~ defined in section 151 of the motor fuel tax act, 2000 PA 403, MCL 207.1151.

(h) ~~(g)~~ "Motor carrier" means either of the following:

(i) A person who operates or causes to be operated a qualified commercial motor vehicle on a public road or highway in this state

1 and at least 1 other state or Canadian province.

2 (ii) A person who operates or causes to be operated a qualified
3 commercial motor vehicle on a public road or highway in this state
4 and who is licensed under the international fuel tax agreement.

5 (i) ~~(h)~~ "Motor fuel" means diesel fuel as defined in section 2
6 of the motor fuel tax act, 2000 PA 403, MCL 207.1002. Beginning on
7 January 1, 2017, motor fuel includes gasoline as that term is
8 defined in section 3 of the motor fuel tax act, 2000 PA 403, MCL
9 207.1003.

10 (j) ~~(i)~~ "Nonprofit private, parochial, denominational, or
11 public school, college, or university" means an elementary,
12 secondary, or postsecondary educational facility.

13 (k) ~~(j)~~ "Person" means a natural person, partnership, firm,
14 association, joint stock company, limited liability company,
15 limited liability partnership, syndicate, or corporation, and any
16 receiver, trustee, conservator, or officer, other than a unit of
17 government, having jurisdiction and control of property by virtue
18 of law or by appointment of a court.

19 (l) ~~(k)~~ "Public roads or highways" means a road, street, or
20 place maintained by this state or a political subdivision of this
21 state and generally open to use by the public as a matter of right
22 for the purpose of vehicular travel, notwithstanding that they may
23 be temporarily closed or travel restricted for the purpose of
24 construction, maintenance, repair, or reconstruction.

25 (m) ~~(l)~~ "Qualified commercial motor vehicle", subject to
26 subdivision ~~(m)~~, **(n)**, means a motor vehicle used, designed, or
27 maintained for transportation of persons or property and **to which** 1
28 of the following **applies**:

29 (i) ~~Having~~ **Has** 3 or more axles regardless of weight.

(ii) ~~Having~~ **Has** 2 axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms.

(iii) Is used in a combination of vehicles, if the weight of that combination exceeds 26,000 pounds or 11,797 kilograms gross vehicle or registered gross vehicle weight.

(n) ~~(m) "Qualified~~ **Qualified** commercial motor ~~vehicle "~~ **vehicle** does not include a recreational vehicle, a road tractor, truck, or truck tractor used exclusively in this state, a road tractor, truck, or truck tractor owned by a farmer and used in connection with the farmer's farming operation and not used for hire, a school bus, a bus defined and certificated under the motor bus transportation act, 1982 PA 432, MCL 474.101 to 474.139, or a bus operated by a public transit agency operating under any of the following:

(i) A county, city, township, or village as provided by law, or other authority incorporated under 1963 PA 55, MCL 124.351 to 124.359. Each authority and governmental agency incorporated under 1963 PA 55, MCL 124.351 to 124.359, has the exclusive jurisdiction to determine its own contemplated routes, hours of service, estimated transit vehicle miles, costs of public transportation services, and projected capital improvements or projects within its service area.

(ii) An authority incorporated under the metropolitan transportation authorities act of 1967, 1967 PA 204, MCL 124.401 to 124.426, or that operates a transportation service pursuant to an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

(iii) A contract entered into under 1967 (Ex Sess) PA 8, MCL

1 124.531 to 124.536, or 1951 PA 35, MCL 124.1 to 124.13.

2 (iv) An authority incorporated under the public transportation
3 authority act, 1986 PA 196, MCL 124.451 to 124.479, or a nonprofit
4 corporation organized under the nonprofit corporation act, 1982 PA
5 162, MCL 450.2101 to 450.3192, that provides transportation
6 services.

7 (v) An authority financing public improvements to
8 transportation systems under the revenue bond act of 1933, 1933 PA
9 94, MCL 141.101 to 141.140.

10 (o) ~~(n)~~—Qualified commercial motor vehicle includes a vehicle
11 operated on a public road or highway owned by a farmer and used in
12 connection with the farmer's farming operation if the vehicle bears
13 out of state registration plates of a state that does not give
14 similar treatment to vehicles from this state.

15 Sec. 2. (1) A motor carrier licensed under this act shall pay
16 a road tax calculated on the amount of motor fuel, **electric fuel**,
17 and alternative fuel consumed in qualified commercial motor
18 vehicles on the public roads or highways within this state. Except
19 as otherwise provided under ~~subsection (6)~~, **subsections (6) and**
20 **(7)**, the tax shall be at the rate of 15 cents per gallon on motor
21 fuel consumed on the public roads or highways within this state. In
22 addition, qualified commercial motor vehicles licensed under this
23 act that travel in interstate commerce are subject to the
24 definition of taxable motor fuels, **electric fuels**, and alternative
25 fuels and rates as defined by the respective international fuel tax
26 agreement member jurisdictions. A motor carrier licensed under this
27 act shall file a return and pay the tax due quarterly to the
28 department on or before the last day of January, April, July, and
29 October of each year on a form prescribed and furnished by the

1 department. Each quarterly return and tax payment ~~shall~~**must** cover
2 the liability for the annual quarter ending on the last day of the
3 preceding month.

4 (2) The amount of motor fuel or alternative fuel consumed in
5 the operation of a motor carrier on public roads or highways within
6 this state ~~shall~~**must** be determined by dividing the miles traveled
7 within this state by the average miles per gallon of motor fuel or
8 applicable gallon equivalent of alternative fuel. The average miles
9 per gallon of motor fuel or per-gallon equivalent of alternative
10 fuel, as applicable, ~~shall~~**must** be determined by dividing the miles
11 traveled within and outside of this state by the total amount of
12 motor fuel or alternative fuel consumed within and outside of this
13 state.

14 (3) In the absence of records showing the average number of
15 miles operated per gallon of motor fuel or per-gallon equivalent of
16 alternative fuel, as applicable, it is presumed that 1 gallon of
17 motor fuel or applicable gallon equivalent of alternative fuel is
18 consumed for every 4 miles traveled.

19 (4) The quarterly tax return ~~shall~~**must** be accompanied by a
20 remittance covering any tax due.

21 (5) ~~The~~**If the** commissioner, ~~when he or she~~ considers it
22 necessary to ensure payment of the tax or to provide a more
23 efficient administration of the tax, **the commissioner** may require
24 the filing of returns and payment of the tax for other than
25 quarterly periods.

26 (6) Beginning January 1, 2017 and annually thereafter, the
27 per-gallon or per-gallon equivalent rate of tax under this act for
28 motor fuel or alternative fuel consumed on the public roads or
29 highways of this state is 1 of the following:

1 (a) For motor fuel, the applicable rate prescribed under
2 section 8(1) of the motor fuel tax act, 2000 PA 403, MCL 207.1008,
3 for the same period.

4 (b) For alternative fuel, the rate prescribed under section
5 152 of the motor fuel tax act, 2000 PA 403, MCL 207.1152, for the
6 same period.

7 (7) For electric fuel, the amount of road tax owed for a time
8 period must be calculated by multiplying the electric fuel rate by
9 the amount of miles driven on this state's public roads during that
10 time period by the motor carrier's qualified commercial vehicles
11 that consume electric fuel. The electric fuel rate must be
12 calculated by dividing the rate prescribed under section 8(1) of
13 the motor fuel tax act, 2000 PA 403, MCL 207.1008, for the same
14 period by the motor carrier's average miles per gallon equivalent
15 for all vehicles in the motor carrier's fleet that consume electric
16 fuel.

17 Sec. 2a. (1) The department, on behalf of this state, may
18 enter into a reciprocal agreement providing for the imposition of a
19 motor fuel, **electric fuel**, or alternative fuel tax on an
20 apportionment or allocation basis with the proper authority of a
21 state, a commonwealth, the District of Columbia, a state or
22 province of a foreign country, or a territory or possession either
23 of the United States or of a foreign country. Under this
24 subsection, the department shall enter into the international fuel
25 tax agreement.

26 (2) The department may promulgate rules to implement and
27 enforce ~~the provisions of the~~ international fuel tax agreement.
28 Rules promulgated under this subsection ~~shall~~**must** be promulgated
29 under the administrative procedures act of 1969, 1969 PA 306, MCL

1 24.201 to 24.328.

2 (3) As required by the intermodal surface transportation
3 efficiency act of 1991, Public Law 102-240, ~~105 Stat 1914,~~ if the
4 department entered into the international fuel tax agreement, and
5 if the provisions set forth in that agreement are different from
6 this act, then the provisions of the agreement ~~shall~~ control.

7 (4) This section constitutes complete authority for the
8 imposition of motor fuel, **electric fuel**, or alternative fuel taxes
9 ~~upon~~**on** an apportionment or allocation basis.

10 Sec. 5. (1) A person required to be licensed by this act shall
11 not act as a motor carrier in this state unless the person is the
12 holder of an unrevoked license issued by the department or is the
13 holder of an unrevoked license issued under the international fuel
14 tax agreement by this state or another member jurisdiction of the
15 international fuel tax agreement. To procure a license, a motor
16 carrier shall file with the department a verified application ~~upon~~
17 **on** a form prescribed and to be furnished by the department. The
18 application ~~shall~~**must** contain the name and address of the motor
19 carrier and, if a partnership, limited liability company, or
20 corporation, the names and addresses of the persons constituting
21 the firm, partnership, association, joint stock company, limited
22 liability company, syndicate, or corporation, the name of its
23 resident agent, the location of its predominant place of business,
24 both within and outside of this state, and other pertinent
25 information the department may require.

26 (2) The department shall issue to each motor carrier 1 license
27 per person and 2 decals for each qualified commercial motor
28 vehicle. A decal ~~shall~~**must** be affixed respectively to the right-
29 hand side and left-hand side of the cab of ~~every~~**a** qualified

1 commercial motor vehicle while it is being operated in this state
2 by each person licensed under this act. A copy of the license ~~shall~~
3 **must** be carried in ~~each-the~~ cab while ~~it-the~~ **qualified commercial**
4 **motor vehicle** is being operated.

5 (3) For cause, a motor carrier may be required to file with
6 the department a surety bond payable to this state, ~~upon-on~~ which
7 the applicant is the obligor, in the sum of 3 times the highest
8 estimated quarterly tax, or \$1,000.00, whichever is greater. This
9 surety bond ~~shall-be-is~~ conditioned ~~upon-on~~ the applicant complying
10 with this act and with the rules promulgated under this act,
11 promptly filing true reports, and paying the taxes, interest, and
12 penalties required by this act. Each surety bond ~~shall-must~~ be
13 approved as to amount and sureties by the department. The
14 department may accept cash or securities instead of a surety bond.

15 (4) The commissioner may waive the bond requirement for a
16 motor carrier exempt from the reporting requirements of section 2
17 ~~when-if~~ the collection of taxes would not be impaired by lack of
18 security of a bond required by this section.

19 (5) The license and decals are not assignable or transferable
20 to another person and are valid only for the person in whose name
21 they are issued. However, ~~upon-on~~ application to the department, a
22 motor carrier, ~~upon-on~~ the sale, conveyance, disposal, or
23 replacement of a qualified commercial motor vehicle, may transfer
24 the license and decals for that qualified commercial motor vehicle
25 to another qualified commercial motor vehicle of the motor carrier
26 that is required to be licensed under this act. The department
27 shall issue replacement decals for the newly licensed qualified
28 commercial motor vehicle that authorizes the holder of the
29 qualified commercial motor vehicle license to use and consume motor

1 fuel, **electric fuel**, or alternative fuel in the qualified
2 commercial motor vehicle ~~upon-on~~ the public roads or highways of
3 this state until the original license would have expired. The
4 department may require the payment of a fee to cover the
5 administrative costs of issuing a replacement license or decals.

6 (6) ~~Upon-On~~ filing of the application and ~~upon-on~~ posting of
7 any bond as required, the department shall issue to the applicant a
8 license and decals that authorize the holder to operate qualified
9 commercial motor vehicles using and consuming motor fuels, **electric**
10 **fuels**, or alternative fuels ~~upon-on~~ the public roads or highways of
11 this state until January 1 of the year following the date of
12 issuance.

13 (7) If a licensee ceases to engage in business within this
14 state, the licensee shall notify the department in writing within
15 15 days after discontinuance.

16 Sec. 8. (1) ~~Every-A~~ qualified commercial motor vehicle leased
17 to a motor carrier is subject to this act to the same extent and in
18 the same manner as a qualified commercial motor vehicle owned by a
19 motor carrier.

20 (2) A lessor of qualified commercial motor vehicles may be
21 considered a motor carrier with respect to qualified commercial
22 motor vehicles leased to others, if the lessor supplies or pays for
23 the motor fuel, **electric fuel**, or alternative fuel consumed by the
24 vehicles or bills rental or other charges calculated to include the
25 cost of motor fuel, **electric fuel**, or alternative fuel. A lessee
26 motor carrier may exclude a qualified commercial motor vehicle
27 leased from others from the reports and liabilities required by
28 this act if that qualified commercial motor vehicle has been leased
29 from a lessor who is a motor carrier under this act and the lease

1 agreement provides for the lessor to pay the cost of motor fuel,
2 **electric fuel**, or alternative fuel and motor fuel, **electric fuel**,
3 or alternative fuel taxes.

4 (3) ~~Upon~~**On** application by a licensed motor carrier, the
5 department may authorize a licensed motor carrier leasing qualified
6 commercial motor vehicles from 2 or more lessors to file
7 consolidated reports for these lessors.

8 (4) This section governs the primary liability under this act
9 of lessors and lessees of qualified commercial motor vehicles. For
10 tax liabilities incurred before April 1, 2005, if a lessor or
11 lessee primarily liable fails, in whole or in part, to discharge
12 ~~his or her~~**that person's tax** liability, the failing party and the
13 other lessor or lessee party to the transaction are jointly and
14 severally responsible and liable for compliance with this act and
15 for the payment of tax due. However, the aggregate of taxes
16 collected from a lessor and lessee by this state under this act
17 ~~shall~~**must** not exceed the total amount of taxes due and costs and
18 penalties imposed.

19 (5) For tax liabilities arising after April 1, 2005, if a
20 lease agreement identifies a party responsible for the payment of
21 taxes, the nonresponsible party under the lease shall obtain a copy
22 of the responsible party's valid international fuel tax agreement
23 registration and keep the copy on file. If the nonresponsible party
24 does not obtain a copy of the responsible party's valid
25 international fuel tax agreement registration and the responsible
26 party fails in whole or in part to discharge ~~his or her~~**the**
27 **responsible party's tax** liability, then the responsible and
28 nonresponsible parties are jointly and severally responsible and
29 liable for compliance with this act and payment of tax due. If the

1 lease agreement does not identify the party responsible for payment
2 of fuel taxes under this act, then both parties are jointly and
3 severally responsible and liable for compliance with this act and
4 payment of tax due. However, the aggregate of taxes collected from
5 a lessor and lessee by this state under this act ~~shall~~**must** not
6 exceed the total amount of taxes due and costs and penalties
7 imposed. If the nonresponsible party under the lease maintains a
8 copy of the responsible party's valid international fuel tax
9 agreement registration on file, the nonresponsible party has no
10 responsibility or liability for compliance with this act or payment
11 of any taxes, costs, or penalties due under this act relating to
12 the motor fuel, **electric fuel**, or alternative fuel consumed under
13 the lease.

14 Sec. 9. The department may examine the books, invoices,
15 receipts, records, and papers of a motor carrier, fuel supplier, or
16 alternative fuel dealer that pertain to the motor fuel, **electric**
17 **fuel**, or alternative fuel received, used, purchased, shipped, or
18 delivered to verify the truth and accuracy of any statement,
19 report, or return.

20 Sec. 10. Each motor carrier shall maintain and keep, for a
21 period of ~~at least~~**not less than** 4 years, suitable books, records,
22 and accounts of all motor fuel, **electric fuel**, and alternative fuel
23 purchased, sold, dispensed, or used, together with all invoices,
24 delivery tickets, bills of lading, and other pertinent records and
25 papers as required by the department for the administration of this
26 act.

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

- 1** (a) House Bill No. 5433 (request no. H00427'25 a).
- 2** (b) House Bill No. 5435 (request no. H00609'25).