

**SUBSTITUTE FOR  
HOUSE BILL NO. 5434**

A bill to amend 1980 PA 119, entitled  
"Motor carrier fuel tax act,"  
by amending the title and sections 1, 2, 2a, 3, 5, 6a, 8, 9, and 10  
(MCL 207.211, 207.212, 207.212a, 207.213, 207.215, 207.216a,  
207.218, 207.219, and 207.220), section 1 as amended by 2024 PA  
219, sections 2, 2a, 5, 6a, 8, 9, and 10 as amended by 2015 PA 178,  
and section 3 as amended by 2022 PA 26.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1 TITLE  
2 An act to prescribe a privilege tax for the use of public  
3 roads and highways of this state by motor carriers by imposing a  
4 specific tax ~~upon~~ **on** the use of motor fuel, **alternative fuel, and**  
5 **electric fuel** within this state; to provide for certain credits



1 against this tax and certain mechanisms for paying, collecting, and  
 2 enforcing this tax; to provide for the licensing of motor carriers  
 3 and for exemptions from licensure; to require the keeping and  
 4 providing for the examination of certain reports; to provide review  
 5 procedures for the assessment of the tax and revocation of a  
 6 license; to impose certain duties ~~upon~~ **on** and confer certain powers  
 7 to certain state departments and agencies; to prescribe certain  
 8 penalties for the violation of this act; **to provide for the**  
 9 **promulgation of rules**; and to make appropriations.

10 Sec. 1. As used in this act:

11 (a) "Alternative fuel" means that term as defined in section  
 12 151 of the motor fuel tax act, 2000 PA 403, MCL 207.1151.

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

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

17 (d) "Commissioner" means the state treasurer.

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

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

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

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

25 (i) A person who operates or causes to be operated a qualified  
 26 commercial motor vehicle on a public road or highway in this state  
 27 and at least 1 other state or Canadian province.

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



1 and who is licensed under the international fuel tax agreement.

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

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

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

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

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

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

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



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

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

13           (i) A county, city, township, or village as provided by law, or  
14 other authority incorporated under 1963 PA 55, MCL 124.351 to  
15 124.359. Each authority and governmental agency incorporated under  
16 1963 PA 55, MCL 124.351 to 124.359, has the exclusive jurisdiction  
17 to determine its own contemplated routes, hours of service,  
18 estimated transit vehicle miles, costs of public transportation  
19 services, and projected capital improvements or projects within its  
20 service area.

21           (ii) An authority incorporated under the metropolitan  
22 transportation authorities act of 1967, 1967 PA 204, MCL 124.401 to  
23 124.426, or that operates a transportation service pursuant to an  
24 interlocal agreement under the urban cooperation act of 1967, 1967  
25 (Ex Sess) PA 7, MCL 124.501 to 124.512.

26           (iii) A contract entered into under 1967 (Ex Sess) PA 8, MCL  
27 124.531 to 124.536, or 1951 PA 35, MCL 124.1 to 124.13.

28           (iv) An authority incorporated under the public transportation  
29 authority act, 1986 PA 196, MCL 124.451 to 124.479, or a nonprofit



1 corporation organized under the nonprofit corporation act, 1982 PA  
 2 162, MCL 450.2101 to 450.3192, that provides transportation  
 3 services.

4 (v) An authority financing public improvements to  
 5 transportation systems under the revenue bond act of 1933, 1933 PA  
 6 94, MCL 141.101 to 141.140.

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

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



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

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

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

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

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

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



1 (b) For alternative fuel, the rate prescribed under section  
2 152 of the motor fuel tax act, 2000 PA 403, MCL 207.1152, for the  
3 same period.

4 (7) Beginning January 1, 2028, for electric fuel, the amount  
5 of road tax owed for a calendar quarter must be calculated by  
6 multiplying the electric fuel rate by the amount of miles driven on  
7 this state's public roads and highways during that calendar quarter  
8 by the motor carrier's qualified commercial vehicles that consume  
9 electric fuel. The electric fuel rate must be calculated by  
10 dividing the rate prescribed under section 8(1) of the motor fuel  
11 tax act, 2000 PA 403, MCL 207.1008, for the same period by the  
12 motor carrier's average miles per gallon equivalent for all  
13 qualified commercial motor vehicles in the motor carrier's fleet  
14 that consume electric fuel. The tax imposed under this section on  
15 the use or consumption of electric fuel does not apply to the use  
16 or consumption of electric fuel that is subject to the tax imposed  
17 under section 158 of the motor fuel tax act, 2000 PA 401, MCL  
18 207.1158. This subsection applies only to electric vehicles or  
19 plug-in hybrid electric vehicles as those terms are defined in  
20 section 157 of the motor fuel tax act, 2000 PA 403, MCL 207.1157.

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



1 (2) The department may promulgate rules to implement and  
 2 enforce ~~the provisions of~~ the international fuel tax agreement.  
 3 Rules promulgated under this subsection ~~shall~~**must** be promulgated  
 4 under the administrative procedures act of 1969, 1969 PA 306, MCL  
 5 24.201 to 24.328.

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

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

14 Sec. 3. (1) This act does not apply to any of the following:

15 (a) A **qualified** commercial motor vehicle operated and owned by  
 16 this state, a political subdivision of this state, or the federal  
 17 government.

18 (b) A **qualified** commercial motor vehicle owned by, or leased  
 19 and operated by, a nonprofit private, parochial, or denominational,  
 20 school, college, or university, or a public school, college, or  
 21 university.

22 (c) A qualified commercial motor vehicle owned by, or leased  
 23 and operated by, a motor carrier to the extent that the motor  
 24 carrier is exempt from the requirements of this act under a  
 25 qualified fuel tax reciprocity agreement as that term is defined in  
 26 section 3 of 1960 PA 124, MCL 3.163.

27 (2) The international fuel tax agreement does not apply to a  
 28 qualified commercial motor vehicle described in subsection (1)(c).

29 Sec. 5. (1) A person required to be licensed by this act shall

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

16 (2) The department shall issue to each motor carrier 1 license  
 17 per person and 2 decals for each qualified commercial motor  
 18 vehicle. A decal ~~shall~~**must** be affixed respectively to the right-  
 19 hand side and left-hand side of the cab of ~~every~~**a** qualified  
 20 commercial motor vehicle while it is being operated in this state  
 21 by each person licensed under this act. A copy of the license ~~shall~~  
 22 **must** be carried in ~~each~~**the** cab while ~~it~~**the qualified commercial**  
 23 **motor vehicle** is being operated.

24 (3) For cause, a motor carrier may be required to file with  
 25 the department a surety bond payable to this state, ~~upon~~**on** which  
 26 the applicant is the obligor, in the sum of 3 times the highest  
 27 estimated quarterly tax, or \$1,000.00, whichever is greater. This  
 28 surety bond ~~shall be~~**is** conditioned ~~upon~~**on** the applicant complying  
 29 with this act and with the rules promulgated under this act,



1 promptly filing true reports, and paying the taxes, interest, and  
 2 penalties required by this act. Each surety bond ~~shall~~**must** be  
 3 approved as to amount and sureties by the department. The  
 4 department may accept cash or securities instead of a surety bond.

5 (4) The commissioner may waive the bond requirement for a  
 6 motor carrier exempt from the reporting requirements of section 2  
 7 ~~when~~**if** the collection of taxes would not be impaired by lack of  
 8 security of a bond required by this section.

9 (5) The license and decals are not assignable or transferable  
 10 to another person and are valid only for the person in whose name  
 11 they are issued. However, ~~upon~~**on** application to the department, a  
 12 motor carrier, ~~upon~~**on** the sale, conveyance, disposal, or  
 13 replacement of a qualified commercial motor vehicle, may transfer  
 14 the license and decals for that qualified commercial motor vehicle  
 15 to another qualified commercial motor vehicle of the motor carrier  
 16 that is required to be licensed under this act. The department  
 17 shall issue replacement decals for the newly licensed qualified  
 18 commercial motor vehicle that authorizes the holder of the  
 19 qualified commercial motor vehicle license to use and consume motor  
 20 fuel, **electric fuel**, or alternative fuel in the qualified  
 21 commercial motor vehicle ~~upon~~**on** the public roads or highways of  
 22 this state until the original license would have expired. The  
 23 department may require the payment of a fee to cover the  
 24 administrative costs of issuing a replacement license or decals.

25 (6) ~~Upon~~**On** filing of the application and ~~upon~~**on** posting of  
 26 any bond as required, the department shall issue to the applicant a  
 27 license and decals that authorize the holder to operate qualified  
 28 commercial motor vehicles using and consuming motor fuels, **electric**  
 29 **fuels**, or alternative fuels ~~upon~~**on** the public roads or highways of



1 this state until January 1 of the year following the date of  
2 issuance.

3 (7) If a licensee ceases to engage in business within this  
4 state, the licensee shall notify the department in writing within  
5 15 days after discontinuance.

6 Sec. 6a. (1) Except as provided in subsection (3), the tax  
7 imposed by this act shall be administered under 1941 PA 122, MCL  
8 205.1 to 205.31. In case of conflict between 1941 PA 122, MCL 205.1  
9 to 205.31, and this act, this act shall prevail.

10 (2) Tax due to other member jurisdictions of the international  
11 fuel tax agreement that is incurred by a person while operating on  
12 a current, suspended, or revoked license issued by the department  
13 under the international fuel tax agreement is considered tax  
14 imposed by this act and a tax debt due to this state.

15 (3) For motor fuel or alternative fuel purchased on or after  
16 January 1, 2017, **and for electric fuel**, a refund claim involving  
17 the payment of a tax that was paid under this act or in connection  
18 with a return filed under this act may not be filed more than 18  
19 months after the date the motor fuel, ~~or~~ alternative fuel, **or**  
20 **electric fuel** was purchased.

21 Sec. 8. (1) ~~Every~~ **A** qualified commercial motor vehicle leased  
22 to a motor carrier is subject to this act to the same extent and in  
23 the same manner as a qualified commercial motor vehicle owned by a  
24 motor carrier.

25 (2) A lessor of qualified commercial motor vehicles may be  
26 considered a motor carrier with respect to qualified commercial  
27 motor vehicles leased to others, if the lessor supplies or pays for  
28 the motor fuel, **electric fuel**, or alternative fuel consumed by the  
29 vehicles or bills rental or other charges calculated to include the



1 cost of motor fuel, **electric fuel**, or alternative fuel. A lessee  
 2 motor carrier may exclude a qualified commercial motor vehicle  
 3 leased from others from the reports and liabilities required by  
 4 this act if that qualified commercial motor vehicle has been leased  
 5 from a lessor who is a motor carrier under this act and the lease  
 6 agreement provides for the lessor to pay the cost of motor fuel,  
 7 **electric fuel**, or alternative fuel and motor fuel, **electric fuel**,  
 8 or alternative fuel taxes.

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

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

24 (5) ~~For tax liabilities arising after April 1, 2005, if~~ **If** a  
 25 lease agreement identifies a party responsible for the payment of  
 26 taxes, the nonresponsible party under the lease shall obtain a copy  
 27 of the responsible party's valid international fuel tax agreement  
 28 registration and keep the copy on file. If the nonresponsible party  
 29 does not obtain a copy of the responsible party's valid



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

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

25 Sec. 10. Each motor carrier shall maintain and keep, for a  
 26 period of ~~at least~~ **not less than** 4 years, suitable books, records,  
 27 and accounts of all motor fuel, **electric fuel**, and alternative fuel  
 28 purchased, sold, dispensed, or used, together with all invoices,  
 29 delivery tickets, bills of lading, and other pertinent records and

1 papers as required by the department for the administration of this  
2 act.

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

6 (a) House Bill No. 5433.

7 (b) House Bill No. 5435.