

HOUSE BILL NO. 5966

May 13, 2026, Introduced by Reps. Rigas, Pavlov, Neyer, Herzberg, Meerman, DeSana, Schmaltz, Beson, Bohnak, Cavitt, Markkanen, Paquette, Prestin, Greene, BeGole, Wilson, Posthumus, DeBoyer, Maddock, Outman, Miller, Wortz and Bierlein and referred to Committee on Appropriations.

A bill to amend 2000 PA 403, entitled
"Motor fuel tax act,"
by amending sections 8 and 152 (MCL 207.1008 and 207.1152), section
8 as amended by 2025 PA 20 and section 152 as amended by 2015 PA
176.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 8. (1) Except as otherwise provided in this act and
- 2 subject to the exemptions provided for in this act, tax is imposed
- 3 on motor fuel imported into or sold, delivered, removed, or used in
- 4 this state at the following rates:
- 5 (a) Except as otherwise provided in subdivision (c) **or (d)**, as

1 follows:

2 (i) Through December 31, 2016, 19 cents per gallon on gasoline.

3 (ii) Beginning January 1, 2017, 26.3 cents per gallon on
4 gasoline.

5 (b) Except as otherwise provided in subdivision (c) **or (d)**, as
6 follows:

7 (i) Through December 31, 2016, 15 cents per gallon on diesel
8 fuel.

9 (ii) Beginning January 1, 2017, 26.3 cents per gallon on diesel
10 fuel.

11 (c) Except as otherwise provided in this subdivision **or**
12 **subdivision (d)**, beginning with the rate effective on January 1,
13 2022 and January 1 of each year thereafter, through the rate
14 effective on January 1, 2025, the department shall determine a
15 cents-per-gallon rate on motor fuel that is derived by multiplying
16 the cents-per-gallon rate in effect during the immediately
17 preceding calendar year by 1 plus the lesser of 0.05 or the
18 inflation rate and rounding up the product to the nearest 1/10 of a
19 cent. Beginning January 1, 2026 through December 31, 2026, the
20 cents-per-gallon rate on motor fuel is equal to the product of 51
21 cents multiplied by 1 plus the lesser of 0.05 or the inflation rate
22 and rounding up the product to the nearest 1/10 of a cent. For the
23 rate effective on January 1, 2027 and on January 1 of each year
24 thereafter, the department shall determine a cents-per-gallon rate
25 on motor fuel that is derived by multiplying the cents-per-gallon
26 rate in effect during the immediately preceding calendar year by 1
27 plus the lesser of 0.05 or the inflation rate and rounding up the
28 product to the nearest 1/10 of a cent. **In making a determination**
29 **under this subdivision, the department shall not consider**

1 subdivision (d). An increased rate under this subdivision does not
2 apply while the rate under subdivision (d) applies.

3 (d) Notwithstanding subdivisions (a) to (c), beginning on the
4 effective date of the amendatory act that added this subdivision,
5 the rate of tax on motor fuel under this subsection is zero cents
6 per gallon until either of the following occurs:

7 (i) November 1, 2026.

8 (ii) The nationwide average gas price falls below \$3.50 as
9 measured by the United States Energy Information Administration.

10 (2) Tax is not imposed under this section on motor fuel that
11 is in the bulk transfer/terminal system.

12 (3) The collection, payment, and remittance of the tax imposed
13 by this section must be accomplished in the manner and at the time
14 provided for in this act.

15 (4) Tax is also imposed at the rate described in subsection
16 (1) on net gallons of motor fuel, including transmix, lost or
17 unaccounted for at each terminal in this state. The tax must be
18 measured annually and applies to the net gallons of motor fuel lost
19 or unaccounted for that are in excess of 1/2 of 1% of all net
20 gallons of fuel removed from the terminal across the rack or in
21 bulk.

22 (5) It is the intent of this act:

23 (a) To require persons who operate a motor vehicle on the
24 public roads or highways of this state to pay for the privilege of
25 using those roads or highways.

26 (b) To impose on suppliers a requirement to collect and remit
27 the tax imposed by this act at the time of removal of motor fuel
28 unless otherwise specifically provided in this act.

29 (c) To allow persons who pay the tax imposed by this act and

1 who use the fuel for a nontaxable purpose to seek a refund or claim
2 a deduction as provided in this act.

3 (d) That the tax imposed by this act be collected and paid at
4 those times, in the manner, and by those persons specified in this
5 act.

6 **(e) That end users receive the benefit of the reduction in**
7 **taxes resulting from the application of subsection (1)(d).**

8 (6) Bills of lading and invoices must identify the blended
9 product and the correct fuel product code. The motor fuel tax rate
10 for each product must be listed separately on each invoice.
11 Licensees shall report the correct fuel product code for the
12 blended product as required by the department. When fuel is blended
13 below the terminal rack, new bills of lading and invoices must be
14 generated and submitted to the department on request. All bills of
15 lading and invoices must meet the requirements of this act.

16 (7) Notwithstanding any other provision of this act, a
17 facility in this state that produces motor fuel and distributes the
18 fuel from a rack for purposes of this act is a terminal, shall
19 obtain a terminal operator license, and shall comply with all
20 terminal operator reporting requirements under this act. A position
21 holder in a facility shall be licensed as a supplier and shall
22 comply with all supplier requirements under this act.

23 (8) Beginning with the rate in effect on January 1, 2022 and
24 January 1 of each year thereafter, the department shall publish
25 notice of the tax rate under this section not later than 30 days
26 before the effective date of the rate **or 30 days before the date**
27 **the rate would take effect if not for the application of subsection**
28 **(1)(d), whichever is earlier.**

29 (9) A determination by the department of the Consumer Price

1 Index, the inflation rate, or the tax rate under this section is
2 presumed correct and shall not be set aside unless an
3 administrative tribunal or a court of competent jurisdiction finds
4 the department's determination to be clearly erroneous.

5 (10) Subject to subsections (11) to (13), the tax levied under
6 this act, at a rate equal to the difference between the tax rate in
7 effect on January 1, 2025, and the tax rate in effect on January 1,
8 2026, is imposed on all of the following as provided in this
9 subsection:

10 (a) Motor fuel in excess of 3,000 gallons held in storage by
11 an end user as of 11:59 p.m. on December 31, 2025, or held for sale
12 at the close of business on December 31, 2025 that is in excess of
13 dead storage, as to which the tax imposed by subsection (1), at the
14 rate in effect on January 1, 2025, has been previously paid or has
15 been accrued by either of the following:

16 (i) A licensed supplier at the time of removal from a terminal.

17 (ii) A licensed importer, if all of the conditions in sections
18 76, 82, and 104, as applicable, concerning the lawful importation
19 of motor fuel by the importer have been met.

20 (b) All nonexempt motor fuel held by a person outside of the
21 bulk transfer/terminal system in this state as of 11:59 p.m. on
22 December 31, 2025, in excess of 3,000 gallons, as to which the tax
23 imposed by subsection (1) at the rate in effect on January 1, 2025
24 has not been previously paid or has not been accrued by either of
25 the following:

26 (i) A licensed supplier at the time of removal from a terminal.

27 (ii) A licensed importer, if all of the conditions in sections
28 76, 82, and 104, as applicable, concerning the lawful importation
29 of motor fuel by the importer have been met.

1 (11) A person in possession of motor fuel that is subject to
2 the tax under subsection (10) must take an inventory to determine
3 the number of gallons of motor fuel subject to the tax under
4 subsection (10) and report those gallons of motor fuel to the
5 department in the form and manner prescribed by the department.

6 (12) The amount of the tax due under subsection (10) is equal
7 to the tax rate described in subsection (10) multiplied by the
8 number of gallons of motor fuel subject to the tax imposed under
9 subsection (10).

10 (13) By not later than February 20, 2026, the report required
11 under subsection (11) must be filed with the department, together
12 with payment of the applicable tax due under subsection (10).

13 **(14) A person other than an end user shall not enrich themselves**
14 **from a reduction in rate under subsection (1)(d), but shall pass**
15 **the reduction on to the end user.**

16 Sec. 152. (1) Except as otherwise provided in this section and
17 sections 154 and 155, a tax at the rate per gallon equal to the tax
18 on motor fuel is imposed upon all alternative fuel used in this
19 state. Except as provided in section 154 or 155, the tax shall be
20 paid at the times and in the manner specified in this section. The
21 tax on alternative fuel sold or delivered either by placing it into
22 a permanently attached fuel supply tank on a motor vehicle, or by
23 exchanging or replacing the fuel supply tank of a motor vehicle,
24 shall be collected by the alternative fuel dealer from the
25 purchaser, consumer, or end user and paid over monthly to the
26 department as provided in this act. Alternative fuel delivered in
27 this state into the storage facility of any person when the
28 exclusive purpose of the storage facility is for resale or use in a
29 motor vehicle on the public roads or highways of this state, shall,

1 upon delivery to storage facility, be subject to tax. An
2 alternative fuel dealer shall, upon delivery of the alternative
3 fuel, collect and remit the tax to the department as provided in
4 this act. A person shall not operate a motor vehicle on the public
5 roads or highways of this state from the cargo containers of a
6 truck, trailer, or semitrailer with alternative fuel in vapor or
7 liquid form, as applicable, except when the alternative fuel in the
8 liquid or vapor phase is withdrawn from the cargo container for use
9 in motor vehicles through a permanently installed and approved
10 metering device. The tax on alternative fuel withdrawn from a cargo
11 container through a permanently installed and approved metering
12 device shall apply in accordance with measured gallons or gallon
13 equivalents, if applicable, as reflected by meter reading, and
14 shall be paid monthly by the alternative fuel dealer to the
15 department as provided in this act.

16 (2) The rate of tax on the following alternative fuels shall
17 be equal to the tax on motor fuel per gallon equivalent or
18 fractional part thereof rounded to the nearest 1/10 of 1 gallon:

19 (a) Compressed natural gas.

20 (b) Hydrogen.

21 (c) Hydrogen compressed natural gas.

22 (d) Liquefied natural gas.

23 (3) The tax imposed under this section does not apply to an
24 alternative fuel commercial user described in section 154(2) until
25 January 1, 2017.

26 (4) The tax imposed under this section does not apply to a
27 person described in section 154(3) until January 1, 2018.

28 **(5) If the tax on motor fuel is zero cents per gallon under**
29 **section 8(1)(d), then the tax on alternative fuel is zero cents per**

1 gallon equivalent.