

HOUSE BILL NO. 6147

June 30, 2026, Introduced by Reps. Skaggs, Andrews, Rheingans and Foreman 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), if the statewide
4 average price of gasoline, as measured by the state transportation
5 department, reaches \$5.00 per gallon on a date before December 31,
6 2026, then, beginning on that date, the rate of tax on motor fuel
7 under this subsection is zero cents per gallon for a period of 3
8 months, subject to both of the following:

9 (i) The rate of tax on motor fuel may be reduced only once
10 under this subdivision.

11 (ii) If the rate of tax on motor fuel is reduced under this
12 subdivision, both of the following apply:

13 (A) The department shall calculate the amount of lost revenue
14 that otherwise would have been credited to the Michigan
15 transportation fund created in section 10 of 1951 PA 51, MCL
16 247.660.

17 (B) The amount of lost revenue calculated under sub-
18 subparagraph (A) is appropriated from the countercyclical budget
19 and economic stabilization fund created in section 351 of the
20 management and budget act, 1984 PA 431, MCL 18.1351, and is
21 credited to the Michigan transportation fund created in section 10
22 of 1951 PA 51, MCL 247.660.

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

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

28 (4) Tax is also imposed at the rate described in subsection
29 (1) on net gallons of motor fuel, including transmix, lost or

1 unaccounted for at each terminal in this state. The tax must be
2 measured annually and applies to the net gallons of motor fuel lost
3 or unaccounted for that are in excess of 1/2 of 1% of all net
4 gallons of fuel removed from the terminal across the rack or in
5 bulk.

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

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

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

13 (c) To allow persons who pay the tax imposed by this act and
14 who use the fuel for a nontaxable purpose to seek a refund or claim
15 a deduction as provided in this act.

16 (d) That the tax imposed by this act be collected and paid at
17 those times, in the manner, and by those persons specified in this
18 act.

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

21 (6) Bills of lading and invoices must identify the blended
22 product and the correct fuel product code. The motor fuel tax rate
23 for each product must be listed separately on each invoice.
24 Licensees shall report the correct fuel product code for the
25 blended product as required by the department. When fuel is blended
26 below the terminal rack, new bills of lading and invoices must be
27 generated and submitted to the department on request. All bills of
28 lading and invoices must meet the requirements of this act.

29 (7) Notwithstanding any other provision of this act, a

1 facility in this state that produces motor fuel and distributes the
2 fuel from a rack for purposes of this act is a terminal, shall
3 obtain a terminal operator license, and shall comply with all
4 terminal operator reporting requirements under this act. A position
5 holder in a facility shall be licensed as a supplier and shall
6 comply with all supplier requirements under this act.

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

13 (9) A determination by the department of the Consumer Price
14 Index, the inflation rate, or the tax rate under this section is
15 presumed correct and shall not be set aside unless an
16 administrative tribunal or a court of competent jurisdiction finds
17 the department's determination to be clearly erroneous.

18 (10) Subject to subsections (11) to (13), the tax levied under
19 this act, at a rate equal to the difference between the tax rate in
20 effect on January 1, 2025, and the tax rate in effect on January 1,
21 2026, is imposed on all of the following as provided in this
22 subsection:

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

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

1 (ii) A licensed importer, if all of the conditions in sections
2 76, 82, and 104, as applicable, concerning the lawful importation
3 of motor fuel by the importer have been met.

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

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

11 (ii) A licensed importer, if all of the conditions in sections
12 76, 82, and 104, as applicable, concerning the lawful importation
13 of motor fuel by the importer have been met.

14 (11) A person in possession of motor fuel that is subject to
15 the tax under subsection (10) must take an inventory to determine
16 the number of gallons of motor fuel subject to the tax under
17 subsection (10) and report those gallons of motor fuel to the
18 department in the form and manner prescribed by the department.

19 (12) The amount of the tax due under subsection (10) is equal
20 to the tax rate described in subsection (10) multiplied by the
21 number of gallons of motor fuel subject to the tax imposed under
22 subsection (10).

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

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

29 Sec. 152. (1) Except as otherwise provided in this section and

sections 154 and 155, a tax at the rate per gallon equal to the tax on motor fuel is imposed upon all alternative fuel used in this state. Except as provided in section 154 or 155, the tax shall be paid at the times and in the manner specified in this section. The tax on alternative fuel sold or delivered either by placing it into a permanently attached fuel supply tank on a motor vehicle, or by exchanging or replacing the fuel supply tank of a motor vehicle, shall be collected by the alternative fuel dealer from the purchaser, consumer, or end user and paid over monthly to the department as provided in this act. Alternative fuel delivered in this state into the storage facility of any person when the exclusive purpose of the storage facility is for resale or use in a motor vehicle on the public roads or highways of this state, shall, upon delivery to storage facility, be subject to tax. An alternative fuel dealer shall, upon delivery of the alternative fuel, collect and remit the tax to the department as provided in this act. A person shall not operate a motor vehicle on the public roads or highways of this state from the cargo containers of a truck, trailer, or semitrailer with alternative fuel in vapor or liquid form, as applicable, except when the alternative fuel in the liquid or vapor phase is withdrawn from the cargo container for use in motor vehicles through a permanently installed and approved metering device. The tax on alternative fuel withdrawn from a cargo container through a permanently installed and approved metering device shall apply in accordance with measured gallons or gallon equivalents, if applicable, as reflected by meter reading, and shall be paid monthly by the alternative fuel dealer to the department as provided in this act.

(2) The rate of tax on the following alternative fuels shall

1 be equal to the tax on motor fuel per gallon equivalent or
2 fractional part thereof rounded to the nearest 1/10 of 1 gallon:

3 (a) Compressed natural gas.

4 (b) Hydrogen.

5 (c) Hydrogen compressed natural gas.

6 (d) Liquefied natural gas.

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

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

12 **(5) If the tax on motor fuel is zero cents per gallon under**
13 **section 8(1)(d), then the tax on alternative fuel is zero cents per**
14 **gallon equivalent.**

15 Enacting section 1. This amendatory act does not take effect
16 unless House Bill No. 6146 (request no. H07348'26) of the 103rd
17 Legislature is enacted into law.