

Legislative Analysis



EXEMPTION FOR AVIATION FUEL USED IN AUTO RACING VEHICLES

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House Bill 5582 (Substitute H-1)
Sponsor: Rep. Steve Bieda

House Bill 5583 (Substitute H-1)
Sponsor: Rep. Tonya Schuitmaker
Committee: Tax Policy

Complete to 1-31-08

A SUMMARY OF HOUSE BILLS 5582 & 5583 AS REPORTED FROM COMMITTEE

The bills would provide an exemption from the aviation fuel tax and the motor fuel tax for aviation fuel bought for the formulation of leaded racing fuel to be used only by racing vehicles for a non-highway purpose. They also would provide an exception from the provision that prohibits the sale of aviation fuel for purposes other than aviation, in order to allow the use of exempt aviation fuel for the purpose of producing leaded racing fuel.

House Bill 5582 would amend the Aeronautics Code (MCL 259.203). House Bill 5583 would amend the Motor Fuel Tax Act (MCL 207.1030 et al.). The two bills are tie-barred, meaning that neither can take effect unless both are enacted. The bills would take effect 60 days after being enacted.

Specifically, House Bill 5582 would allow a tax exemption from the aviation tax if the purchaser certifies in writing to the seller that the aviation fuel is being purchased solely for the purpose of formulating leaded racing fuel. Such aviation fuel would have to be identified on shipping papers and invoices as "aviation fuel exempt for LRF." House Bill 5583 would require the same certification and identification for the motor fuel tax exemption.

House Bill 5583 would also amend a provision that, generally speaking, prohibits the sale or use of aviation fuel for use other than as aviation fuel. The bill would say that this provision would not prohibit a person from selling, using, or labeling motor fuel identified as aviation fuel on a shipping paper or invoice in the formulation of leaded racing fuel.

BACKGROUND INFORMATION:

Public Act 277 of 2006 (House Bill 5959) amended the Motor Fuel Tax Act to exclude leaded racing fuel from the definitions of "motor fuel" and "gasoline." This provided leaded racing fuel an exemption from the motor fuel tax. The bills in this package would extend the exemption to aviation fuel used in formulating leaded racing fuel.

According to testimony, a company that uses aviation fuel in making leaded racing fuel wants to manufacture this racing fuel in Michigan and has plans to expand a current facility in the state to do this. The bills would allow them to receive and use aviation fuel for this purpose and would exempt that aviation fuel from fuel taxes in the same manner that the leaded racing fuel itself is exempt.

FISCAL IMPACT:

The fiscal impact is indeterminate.

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