



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

ROBERT J. KLEINE
STATE TREASURER

REVENUE ADMINISTRATIVE BULLETIN 2009-1

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NOTICE OF CHANGE IN PREPAID GASOLINE SALES TAX RATE

(Replaces Revenue Administrative Bulletin 2008-3)

This Revenue Administrative Bulletin (RAB) announces a change in the prepaid gasoline sales tax rate. This bulletin also reflects a statutory change to the frequency of calculating the gasoline prepayment sales tax rate and the corresponding rate determination made pursuant to enactment of Public Act 556 of 2008. This RAB supersedes RAB 2008-3.

ISSUES

- I. What is the new rate?
- II. How did Public Act 556 of 2008 affect the rate calculation?
- III. What is the recent historical information on the rate?

CONCLUSIONS

- I. Effective March 1, 2009, the new prepaid gasoline sales tax rate is 11.6 cents per gallon.
- II. Section 6a(2) of the General Sales Tax Act previously required the department to determine the rate of prepayment every 6 months unless the department certified that the change in the statewide average retail price of a gallon of self-serve unleaded regular gasoline has been less than 10% since the establishment of the rate of prepayment then in effect, or unless it had been a year since the rate was changed. Public Act 556 of 2008 amended Section 6a(2) to require review of the rate every 3 months, and to change the rate if the change has been at least 10% since last changed. Annual rate changes are no longer required.
- III.
 - a. Effective May 1, 1994 through July 31, 1999, the rate was established at 5.4 cents per gallon.
 - b. Effective August 1, 1999 through December 31, 1999, the rate was established at 4.6 cents per gallon.
 - c. Effective January 1, 2000 through August 31, 2000, the rate was established at 5.7 cents per gallon.
 - d. Effective September 1, 2000 through February 28, 2001, the rate was established at 6.8 cents per gallon.
 - e. Effective March 1, 2001 through February 28, 2002, the rate was established at 8.1 cents per gallon.
 - f. Effective March 1, 2002 through July 31, 2002, the rate was established at 7.9 cents per gallon.
 - g. Effective August 1, 2002 through December 31, 2002, the rate was established at 5.8 cents per gallon.

- h. Effective January 1, 2003 through January 31, 2004, the rate was established at 7.2 cents per gallon.
- i. Effective February 1, 2004 through March 31, 2005 the rate was established at 7.9 cents per gallon.
- j. Effective April 1, 2005 through April 30, 2006 the rate was established at 9.9 cents per gallon.
- k. Effective May 1, 2006 through April 30, 2007 the rate was established at 12.7 cents per gallon.
- l. Effective May 1, 2007 through March 31, 2008 the rate was established at 13.1 cents per gallon.
- m. Effective April 1, 2008 through September 30, 2008 the rate was established at 16.0 cents per gallon.
- n. Effective October 1, 2008 through February 28, 2009 the rate was established at 18.5 cents per gallon.

LAW & ANALYSIS

As provided in Section 6a of the General Sales Tax Act, at the time of purchase or shipment from a refiner, pipeline terminal operator, or marine terminal operator, a purchaser or receiver of gasoline shall prepay a portion of the sales tax at a rate determined and certified by the department. MCL 205.56a(1). The department must determine the prepaid sales tax rate every 3 months unless the change in the statewide average retail price of a gallon of self-serve unleaded regular gasoline has been less than 10% since the establishment of the rate of the prepayment then in effect. MCL 205.56a(2).

The prepaid sales tax rate is determined by starting with the statewide average retail price of a gallon of self-serve unleaded regular gasoline for the period being examined, subtracting the amounts of state motor fuel and sales taxes per gallon and then multiplying that net amount by 6 percent.

The most recent review examined the statewide average retail price of self-serve unleaded regular gasoline for the three month period commencing on October 1, 2008 and ending on December 31, 2008. It was determined that the prepaid sales tax rate on a gallon of unleaded regular gasoline will change to 11.6 cents per gallon pursuant to MCL 205.56a(2) effective March 1, 2009.

Questions may be directed to:
Michigan Department of Treasury
Technical Services Division
P.O. Box 30698
Lansing, MI 48909-8198
Telephone (517) 636-4230