



JAMES J. BLANCHARD, Governor
ROBERT A. BOWMAN, State Treasurer

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
TREASURY BUILDING
LANSING, MICHIGAN 48922

REVENUE ADMINISTRATIVE BULLETIN 1988-4

Approved: May 18, 1988

**LIQUEFIED PETROLEUM GAS (LPG);
LICENSING, COLLECTING AND REMITTING TAX**

RAB-88-4. The purpose of this Bulletin is to clarify certain provisions of the Liquefied Petroleum Gas Tax. A tax at a rate of ___ cents per gallon equal to the rate imposed under Section 2(1) of the gasoline tax, MCL 207.102(1), is imposed upon all liquefied petroleum gas (LPG) for use in this State for the propulsion of vehicles on roads and highways.

The Motor Fuel Tax Act, specifically the liquefied petroleum gas tax, MCL 207.151, defines the term "Use."

The term "Use" shall mean and include:

1. Selling or delivering liquefied petroleum gas not previously subjected to tax, whether by placing it into permanently attached fuel supply tanks of motor vehicles, or exchanging or replacing of the fuel supply tanks of a motor vehicle, or
2. Making delivery of liquefied petroleum gas into storage, devoted exclusively to the storage of liquefied petroleum gas to be consumed in motor vehicles on the public roads and highways, or
3. The withdrawal of liquefied petroleum gas from the cargo tank of a truck, trailer or semi-trailer for the operation of a motor vehicle upon the public roads and highways in this State, whether the LPG is used in vapor or liquid form.

Responsibility for Being Licensed and Remitting Tax

The responsibility for being licensed and collecting and remitting the tax is illustrated in the following examples:

1. If LPG is sold directly into a highway vehicle by changing tanks, the seller (dealer) is required to be licensed and to collect the tax at the time of sale.
2. If LPG is sold into storage for subsequent resale or consumption exclusively for highway use (no non-highway consumption), the seller is required to be licensed and to collect the tax at the time of sale.

3. If LPG is sold into storage and the fuel will be used for highway and non-highway purposes, the tank operator (purchaser) is required to be licensed and remit the tax on the fuel used for highway purposes.
4. Those operating highway vehicles from the cargo containers of the truck or trailer must use a permanently installed metering device when withdrawing the fuel from the cargo container or trailer. Those operators shall be subject to licensing and payment of tax on the metered gallons.

Consumers Entitled to a Tax Refund

In accordance with Motor Fuel Tax Act, MCL 207.159, LPG used for non-highway purposes or by the Federal government, State government, or political subdivisions of the State where the tax was imposed, are entitled to a refund of the tax paid.

Refund claims must be filed within six months after the date of purchase and must be accompanied by the original invoice showing the amount of LPG purchased, the date of purchase, and the amount of tax paid.