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DEPARTMENT OF TREASURY
LANSING

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REVENUE ADMINISTRATIVE BULLETIN 2009-5

Approved: July 22, 2009

NOTICE OF CHANGE IN PREPAID GASOLINE SALES TAX RATE

(Replaces Revenue Administrative Bulletin 2009-3)

RAB 2009-5. This Revenue Administrative Bulletin (RAB) announces a change in the prepaid gasoline sales tax rate. This bulletin also identifies the calculation method used to make the rate determination. This RAB supersedes RAB 2009-3.

ISSUES

- I. What is the new rate?
- II. Why do we need to change rates?
- III. In the event of a rate change when will the change be announced?
- IV. What is the recent historical information on the rate?

CONCLUSIONS

- I. Effective September 1, 2009 the new prepaid gasoline sales tax rate is 12.4 cents per gallon.
- II. Section 6a(2) of the General Sales Tax Act was amended by Public Act 556 of 2008 to require review of the rate every 3 months, and to adjust the rate if the change in the statewide average retail price of a gallon of self-serve unleaded regular gasoline has been at least 10% since last changed.
- III. A Revenue Administrative Bulletin announcing the change will generally be issued by the first day of the month preceding the effective date of the rate change.
- IV.
 - 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.
- o. Effective March 1, 2009 through May 31, 2009 the rate was established at 11.6 cents per gallon.
- p. Effective June 1, 2009 through August 31, 2009 the rate was established at 9.8 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 April 1, 2009 and ending on June 30, 2009. It was determined that the prepaid sales tax rate on a gallon of unleaded regular gasoline will change to 12.4 cents per gallon pursuant to MCL 205.56a(2) effective September 1, 2009.

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