

MOTOR FUEL TAX ACT (EXCERPT)
Act 403 of 2000

207.1058 Surety bond or cash deposit.

Sec. 58.

(1) Except as otherwise provided in this section, a person who applies for a license under this act is not required to file with the department a surety bond or cash deposit. However, the department may require a surety bond or cash deposit if the department considers it necessary to ensure payment of the tax liability of an applicant or licensee.

(2) If a surety bond or cash deposit is required, it shall be in an amount determined by the department that is not less than \$2,000.00 or not more than an applicant's 3-month tax liability as estimated by the department.

(3) The department shall require a supplier, a terminal operator, or a bonded importer to post an annual bond of not less than \$2,000,000.00, except that if a person is a motor fuel registrant under section 4101 of the internal revenue code, the bond may be reduced to not less than \$1,000,000.00. In either case, an applicant subject to this subsection may show proof of financial responsibility in lieu of posting bond. Proof of a \$5,000,000.00 net worth is presumptive evidence of financial responsibility in the absence of circumstances indicating that the department is otherwise at risk with respect to collection of the tax due under this act from the applicant.

(4) The department may require an occasional importer to post a bond in an amount determined by the department but not more than \$2,000,000.00. An applicant subject to this subsection may show proof of financial responsibility in lieu of posting bond. Proof of a \$5,000,000.00 net worth is presumptive evidence of financial responsibility in the absence of circumstances indicating that the department is otherwise at risk with respect to collection of the tax due under this act from the applicant.

(5) If an applicant files a bond, the bond must meet all of the following requirements:

- (a) The bond shall be issued by a bonding company licensed to do business in this state.
- (b) The bond shall name the applicant as the principal and the state as the obligee.
- (c) The bond shall be on a form prescribed by the department.
- (d) The bond company's power of attorney is attached.
- (e) The bond remains in effect until the end of the current calendar year.

(6) A person who was licensed and not subject to a bond or cash deposit under this act on the effective date of this section is exempt from the requirement of subsection (1). However, the department may at a later date require the person to post a bond or cash deposit in an amount the department considers necessary to ensure payment.

(7) The department may require a bond or cash deposit in an amount the department considers necessary to ensure payment if a person who is licensed under this act on the effective date of this section forms a new business or joint business and applies under this act for a license for the new or joint business.

History: 2000, Act 403, Eff. Apr. 1, 2001