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BILL ANALYSIS

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Senate Bill 77

Sponsor: Senator Vern Ehlers

Committee: Natural Resources and Environmental Affairs

Date Completed: 2-13-89

SUMMARY OF SENATE BILL 77 as introduced 2-1-89:

The bill would amend Public Act 48 of 1929, which levies a severance tax on producers who remove oil and gas from the soil, to exempt methane gas extracted from a landfill from the Act's definition of "gas". Such extraction of methane gas, then, would be exempt from the severance tax and the Act's reporting requirements on the total amount of gas received, purchased, stored, or transported and its market value.

MCL 205.311

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would result in an indeterminate loss of GF/GP revenue. Currently, only a few landfills are producing methane gas for commercial sale and no severance taxes are being collected. The potential reduction in State revenue would be in future years, as extraction of methane gas from landfills becomes more common.

Fiscal Analyst: N. Khouri

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