

# Fiscal Analysis

## CTF SHARE OF MOTOR VEHICLE SALES TAX



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**Bill/Sponsor**                      **SENATE BILL 399 (H-1) as reported, Sen. Robert Emerson**

**House Committee**                Appropriations

**Analysis**                              **Summary/Fiscal Impact**

SB 399 (H-1) would amend Section 25 of the General Sales Tax Act to change the statutory distribution of motor vehicle-related sales tax credited to the Comprehensive Transportation Fund (CTF). The bill would reduce the sales tax earmark for the CTF from **27.9%** of 25% of the sales tax collected at 4% on motor fuels, motor vehicles, and motor vehicle-related sales, to **24.0%** of 25% of the sales tax collected at 4% on motor fuels, motor vehicles, and motor vehicle-related sales.

This change would result in a reduction in the CTF share of motor vehicle-related sales tax of approximately \$10.8 million based on FY 2003-04 sales tax estimates by the Michigan Department of Treasury, Office of Revenue and Tax Analysis. This reduction would be effective beginning with the 2003-04 fiscal year. The amounts not credited to the CTF as a result of the bill would be credited to the state General Fund.

Note that this bill differs from the bill as passed the Senate in the following regards:

1. The Senate-passed bill made the reduction in the CTF percentage share of motor vehicle-related sales tax for two fiscal years only - FY 2003-04 and FY 2004-05. The H-1 substitute would make the reduction permanent.
2. SB 399, as passed the Senate, would also direct that for FY 2003-04 the amount deposited in the CTF from the motor vehicle-related sales tax distribution would be reduced by an additional \$18.0 million. The H-1 substitute does not include this one-time reduction.

The H-1 substitute is identical to the “as introduced” version of the bill.

**Analyst**  
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**REVISED COMMITTEE ANALYSIS - 7/15/03**