



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 5505 (Substitute H-1 as reported by the Committee of the Whole)
Sponsor: Representative James Koetje
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would create the "Streamlined Sales and Use Tax Revenue Equalization Act" to do the following:

- Impose a specific tax on interstate motor carriers who used diesel fuel.
- Impose a specific tax on people who stored, registered, or transferred vehicles, watercraft, manufactured housing, and aircraft.
- Allow people paying a specific tax to claim a tax credit.
- Create a tax credit for the use tax paid on rooms and lodging.
- Provide for the disbursement and administration of funds collected under the bill.

The specific tax on interstate motor carriers in Michigan would be levied for the privilege of using or consuming diesel fuel in a qualified commercial motor vehicle in the State. The tax would be imposed at a cents-per-gallon rate equal to 6% of the statewide average retail price of a gallon of self-serve diesel fuel. An interstate motor carrier would be entitled to a credit for 6% of the price of diesel fuel purchased in the State and used in a qualified motor vehicle. The tax would have to be collected and credited under the International Fuel Tax Agreement.

The bill, together with House Bills 5502 (H-1), 5503 (H-1), and 5504 (H-2), would authorize Michigan's participation in the Streamlined Sales Tax Project (a multistate effort to simplify and modernize sales and use tax collection and administration). All of the bills are tied to each other. House Bill 5505 (H-1) would take effect September 1, 2004.

Legislative Analyst: J.P. Finet

FISCAL IMPACT

Please see **FISCAL IMPACT** on House Bill 5502 (H-1).

Date Completed: 6-8-04

Fiscal Analyst: Jay Wortley