



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 5959 (Substitute S-1 as reported)
Sponsor: Representative Tonya Schuitmaker
House Committee: Transportation
Senate Committee: Transportation

CONTENT

The bill would amend the Motor Fuel Tax Act to exclude leaded racing fuel from the terms "gasoline" and "motor fuel", and to define "leaded racing fuel" as a fuel other than diesel fuel that is leaded and at least 100 octane and is used in vehicles on a racetrack.

Additionally, the bill would extend to leaded racing fuel a provisions allowing an end-user to seek a refund for tax paid on motor fuel used in an implement of husbandry or otherwise used for a nonhighway purpose not otherwise expressly exempted under the Act; and prohibiting a person from seeking and being eligible for a refund for tax paid on gasoline used in a snowmobile, off-road vehicle, or watercraft.

The bill states that it would be retroactively applied to January 1, 2004, but would not authorize refunds other than to an end-user for taxes previously paid.

MCL 207.1003 et al.

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill would have a negligible impact on State revenue and expenditures. Large racing events, such as NASCAR races, consume between 5,000 and 8,000 gallons per race, including the race, warm-ups, and other fuel uses. Some races or race cars also use unleaded fuels. Based on a variety of sources, it is likely that approximately 100,000 gallons of racing fuel are consumed in Michigan each year. Assuming that no consumers of this fuel submitted rebate requests (since nonhighway use of the fuel is not subject to tax), the fiscal impact of the bill would be to reduce Michigan Transportation Fund revenue by approximately \$20,000 per year. To the extent that racers do submit rebate requests, the actual fiscal impact of the bill would be less.

Reportedly, there have been instances of suppliers' not collecting the tax under current law. It is unknown if the consumers of that fuel have then later submitted rebate requests. To the extent that some combination of these events has occurred, the bill would reduce the revenue loss to the State and/or the fiscal impact of the bill would be reduced.

The bill's retroactivity provision presumably would reduce revenue, although only to the extent a taxpayer had an unpaid liability under current law, and would eliminate only an unpaid liability on leaded racing fuel. The magnitude of revenue reduction is unknown.

Date Completed: 6-7-06

Fiscal Analyst: David Zin

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Analysis available @ <http://www.michiganlegislature.org>

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