



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5959 (Substitute H-2 as passed by the House)
Sponsor: Representative Tonya Schuitmaker
House Committee: Transportation
Senate Committee: Transportation

Date Completed: 6-6-06

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.

MCL 207.1003 & 207.1004

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.

This estimate is preliminary and will be revised as new information becomes available.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.