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BILL ANALYSIS

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Senate Bills 862 and 863 (as introduced 9-23-09)  
Sponsor: Senator Jud Gilbert, II  
Committee: Transportation

Date Completed: 12-8-09

### **CONTENT**

**Senate Bill 862 would amend the Motor Carrier Fuel Tax Act to increase the road tax paid by a licensed motor carrier from 15 to 19 cents per gallon, and eliminate a differential tax rate of 12 cents per gallon for diesel fuel that contains at least 5% biodiesel.**

**Senate Bill 863 would amend the Michigan Transportation Fund (MTF) law to require revenue from 4 cents of the motor carrier fuel tax to be appropriated to the State Trunk Line Fund for the repair of State bridges.**

Senate Bill 863 is tie-barred to Senate Bill 862. Senate Bill 862 would take effect on January 1, 2010.

### **Senate Bill 862**

The Motor Carrier Fuel Tax Act requires a licensed motor carrier to pay a road tax on motor fuel consumed in qualified commercial motor vehicles on highways in the State.

The current tax rate is 15 cents per gallon. The bill would increase that to 19 cents per gallon.

The tax is calculated at a rate of 12 cents per gallon for diesel fuel that contains at least 5% biodiesel. The bill would remove that provision.

The bill also would delete a provision that eliminates the reduced tax rate after September 1, 2016, or after the total cumulative rate differential due to that differential tax rate and other differential tax rates under the Motor Fuel Tax Act is greater than \$2.5 million. (The Motor Fuel Tax Act provides for a reduced tax rate of 12 cents per gallon for gasoline that is at least 70% ethanol and diesel fuel that contains at least 5% biodiesel.)

The Motor Carrier Fuel Tax Act requires the State Treasurer annually to determine the difference between the amount of motor fuel tax collected and the amount that would have been collected but for the differential tax rate described above and the differential rates under the Motor Fuel Tax Act.

The Legislature annually must appropriate to the MTF the amount certified by the Treasurer for the 12-month period ending on May 1 of the calendar year in which the fiscal year

begins. The differential tax rate is not effective beginning January for any fiscal year for which that appropriation is not made.

The bill would delete those provisions.

### **Senate Bill 863**

Currently, half of the revenue from one cent of the 19-cent per gallon gasoline tax levied under the Motor Fuel Tax Act must be appropriated to the State Trunk Line Fund for the repair of State bridges.

Under the bill, beginning January 1, 2010, revenue from 4 cents of the tax levied under the Motor Carrier Fuel Tax Act also would have to be appropriated to the State Trunk Line Fund for the repair of State bridges.

MCL 207.212 (S.B. 862)  
247.660 (S.B. 863)

Legislative Analyst: Curtis Walker

### **FISCAL IMPACT**

The bills would increase State Trunkline revenue by approximately \$5.3 million per year and earmark the majority of that increase for repairing State bridges. The bills would increase the tax rate applied to motor carriers taxed under the Motor Carrier Fuel Tax Act, which primarily applies to interstate trucking activity, but would not alter the rate (which would remain at 15 cents per gallon for diesel fuel) under the Motor Fuel Tax Act, which primarily applies to intrastate trucking activity.

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.