



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



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

Senate Bill 6 (Substitute S-1 as reported)
Sponsor: Senator John Proos
Committee: Infrastructure Modernization

(Senate-passed version)

CONTENT

The bill would amend the General Sales Tax Act to dedicate 18% of the 4% sales tax on motor fuel to the Michigan Transportation Fund.

The Act prescribes a total tax of 6.0% on the sale of taxable goods and services. Of the total collections, the money received from taxing at a 2.0% rate must be deposited in the State School Aid Fund. The revenue from imposing a tax at a 4.0% rate must be distributed as follows:

- 15% to cities, villages, and townships under the State Revenue Sharing Act.
- 60% to the School Aid Fund.

Of the balance, the Act allocates a portion of the tax collected on sales of motor fuel, motor vehicles, and motor vehicle parts and accessories to the Comprehensive Transportation Fund. Also, a portion of the tax collected on retail sales of computer software is allocated to the Michigan Health Initiative Fund. The remainder of the tax collected at a 4.0% rate must be deposited in the State's General Fund.

As noted above, the bill would require 18% of the collections from the 4% tax on motor fuel sales to be distributed to the Michigan Transportation Fund.

The bill would take effect on October 1, 2014.

MCL 205.75

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would reduce General Fund revenue by approximately \$128.0 million in FY 2014-15, and increase State Trunkline revenue by the same amount. Depending on the magnitude and direction of motor fuel price changes or motor fuel consumption in future years, the shift of revenue from the General Fund to the State Trunkline Fund would increase or decrease.

Date Completed: 6-12-14

Fiscal Analyst: David Zin