



Senate Fiscal Agency
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Senate Bill 6 (Substitute S-1 as passed by the Senate)
Sponsor: Senator John Proos
Committee: Infrastructure Modernization

Date Completed: 12-1-14

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.

MCL 205.75

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would reduce General Fund revenue by approximately \$112.3 million in FY 2014-15, and increase Michigan Transportation Fund (MTF) revenue by the same amount. Based on the revenue distribution for the MTF, the bill would increase revenue to the Comprehensive Transportation Fund by \$11.2 million, the State Trunkline Fund by \$39.5 million, county road commissions by \$39.5 million, and cities and villages by \$22.0 million. 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 MTF would increase or decrease.

Fiscal Analyst: David Zin