



**Senate Fiscal Agency**  
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BILL ANALYSIS



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Senate Bill 557 (Substitute S-4 as reported)  
Sponsor: Senator Mat J. Dunaskiss  
Committee: Technology and Energy

### **CONTENT**

The bill would amend the General Sales Tax Act to provide that, for sales made after December 31, 1996, and before January 1, 2002, a person subject to the sales tax could exclude from gross proceeds used for the computation of the tax the amount of gross proceeds from the sale of a motor vehicle, including a vehicle purchased for lease to another, that used an alternative fuel as its primary fuel source, equal to the difference between the cost of the alternative-fueled vehicle and the cost that the same vehicle would have had with a traditional fuel source.

“Alternative fuel” would mean methanol, denatured ethanol, and other alcohols; mixtures containing not less than 70% by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-derived liquid fuels; fuels, other than alcohol, derived from biological materials; and electricity, including electricity from solar energy; and any other fuel designated an alternative fuel by the Secretary of Energy under the provisions of Title III of the Federal Energy Policy Act.

Proposed MCL 205.54p

Legislative Analyst: P. Affholter

### **FISCAL IMPACT**

It is estimated that this bill would reduce sales tax revenue by \$0.2 million a year.

Date Completed: 6-24-96

Fiscal Analyst: J. Wortley