

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

SFA**BILL ANALYSIS**

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

Senate Bill 1445 (as introduced 9-24-02)
Sponsor: Senator Joanne G. Emmons
Committee: Finance

Date Completed: 9-24-02

CONTENT

The bill would amend the Motor Fuel Tax Act to provide that a refund allowed under the Act for motor fuel that is contaminated or accidentally lost or destroyed would not apply if the person seeking the refund had been reimbursed for the contamination or loss by the Federal government. Currently, a refund is not available if the person has been reimbursed by an insurance company; the bill would retain this provision.

Further, a motor fuel end user currently may seek a refund for tax paid on gasoline used in a passenger vehicle with a capacity of five or more under a municipal franchise, license, or agreement; a person operating a State certified vehicle to transport school students; and a community action agency that is not a part of a political subdivision of the State. To qualify for the refund, the vehicle must have a capacity of five or more passengers. The bill would refer to a passenger vehicle with a capacity of 12 or more.

MCL 207.1040 & 207.1041

Legislative Analyst: George Towne

FISCAL IMPACT

The bill would result in a decrease in the number and amount of tax refunds provided under the Motor Fuel Tax Act. The decrease would result from two provisions in the bill: 1) a refund would not be provided to a taxpayer for fuel that was contaminated or accidentally lost or destroyed if the person had been reimbursed for the contamination by the Federal government, and 2) to qualify for a refund for taxes paid on gasoline used in a passenger vehicle, the vehicle would have to have a capacity of 12 or more, whereas currently it must have a capacity of five or more passengers.

A decrease in the number and amount of refunds provided under the Act would result in increased tax revenue retained by the Michigan Transportation Fund. This would increase revenue provided to local road agencies through the Public Act 51 of 1951 distribution formula. State road funds also would increase from the reduction in the number and amount of refunds.

Fiscal Analyst: Craig Thiel

[S0102\s1445sa](#)

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.