

Legislative Analysis



TRANSFER FROM COMPREHENSIVE TRANSPORTATION FUND

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 656

Sponsor: Senator Jelinek

Senate Committee: Appropriations

House Committee: Appropriations

Complete to September 23, 2007

A SUMMARY OF SENATE BILL 656 AS PASSED BY THE SENATE 8-22-07

Under current law, a portion of the sales tax collected on motor vehicle sales, and on sales of motor-vehicle related products (often referred to as the “auto-related sales tax”) is credited to the Comprehensive Transportation Fund (CTF) created in 1951 PA 51. The CTF is a state-restricted fund used to support public transportation programs including operating and capital assistance to public transit agencies. The auto-related portion of the sales tax is estimated to generate approximately \$76.0 million.

Senate Bill 656 (as passed the Senate) would amend Section 25 of the General Sales Tax Act to require that for the fiscal year ending September 30, 2007, the auto-related sales tax credit to the CTF would be reduced by \$10.27 million. The bill would, in effect, transfer \$10.27 million from the CTF to the state General Fund. Of the \$10.27 million, \$5.27 million represents funds that would lapse to the CTF from the Soo Locks Fund under provisions of Senate Bill 676.

In effect, Senate Bill 656 transfers to the General Fund \$5.0 million in CTF revenue generated from the auto-related sales tax, plus an additional \$5.27 million made available through the lapse of the Soo Locks Fund balance effected by Senate Bill 676. (These bills reflect the May 2007 agreement to resolve the FY 2006-07 General Fund shortfall through shifts of restricted fund revenue to the state General Fund.)

For additional information on the Comprehensive Transportation Fund, see HFA publication “Comprehensive Transportation Fund Revenue Issues”:

<http://www.house.mi.gov/hfa/PDFs/CTF%20analysis.pdf>

Fiscal Analyst: William E. Hamilton

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.