

Legislative Analysis



COMPREHENSIVE TRANSPORTATION FUND TRANSFER

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Senate Bill 1398 (H-1 with Senate Amendment)

Sponsor: Sen. Ron Jelinek

Senate Committee: Appropriations

House Committee: Appropriations

Complete to 11-13-08

A SUMMARY OF SENATE BILL 1398 (H-1) AS PASSED BY THE SENATE 11-13-08 with AMENDMENT

Under current law, a portion of the sales tax collected on motor vehicle sales, and on sales of motor-vehicle related products, is credited to the Comprehensive Transportation Fund (CTF) created in 1951 PA 51. (This is often referred to as the “auto-related sales tax.”) The CTF is a state-restricted fund used to support public transportation programs, including operating and capital assistance to public transit agencies. The CTF share of the auto-related portion of the sales tax is estimated to be \$78.5 million in FY 2007-08.

Senate Bill 1398 would amend Section 25 of the General Sales Tax Act to require that for the fiscal year ending September 30, 2008, the auto-related sales tax credit to the CTF be reduced by \$5.0 million. The bill would, in effect, redirect or transfer \$5.0 million in auto-related sales tax revenue from the CTF to the state General Fund.

This transfer reflects the agreement between the Governor and House and Senate leadership with regard to FY 2007-08 General Fund spending targets. The bill as returned from the Senate, Senate Bill 1398 (H-1) with amendment, is effectively identical to House Bill 6055 (Rep. Cushingberry), and does not include language in the House-passed bill that made the transfer contingent on the year-end General Fund balance.

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

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

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