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BILL ANALYSIS



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House Bills 5678 and 5679 (as passed by the House)

Sponsor: Representative Lee Gonzales

House Committee: Appropriations

Senate Committee: Appropriations

Date Completed: 7-20-10

CONTENT

House Bill 5678 would amend the General Sales Tax Act to reduce the amount of sales tax related to motor vehicle fuels, parts, and accessories that are otherwise directed to the Comprehensive Transportation Fund (CTF) by \$5.7 million in FY 2009-10 and deposit the money in the General Fund.

House Bill 5679 would amend the State Transportation Preservation Act to require \$5.7 million of the Rail Infrastructure Loan Fund's FY 2009-10 ending balance to be deposited in the Comprehensive Transportation Fund.

MCL 205.75 and 474.65a

BACKGROUND

Article IX, Section 9 of the Michigan Constitution restricts most transportation-related taxes and fees, except general sales and use taxes, to be used for transportation purposes. The General Sales Tax Act requires that 27.9% of 25.0% of sales tax collections at a rate of 4.0% from the sale of motor fuels, motor vehicles, and motor vehicle parts and accessories be deposited into the CTF. Vehicle-related sales tax revenue directed to the CTF is estimated to total \$78.0 million during FY 2009-10.

The Rail Infrastructure Loan Fund is a self-sustaining revolving loan fund used to finance construction and improvements. While the loans are interest-free, the balance in the Fund does collect interest, as well as late payment penalties.

FISCAL IMPACT

The bills would have no net fiscal impact on State revenue or expenditures, but would change the allocation of revenue between affected funds.

The bills would implement an agreement regarding General Fund/General Purpose revenue in the FY 2009-10 budget targets. The bills effectively shift, through a two-step process, \$5.7 million in State-restricted transportation revenue from the Rail Infrastructure Loan Fund to the General Fund.

Fiscal Analyst: David Zin

S0910vs5678a

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.