



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

**BILL ANALYSIS**

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

Senate Bill 1098 (as introduced 3-16-04)
Sponsor: Senator Burton Leland
Committee: Appropriations

Date Completed: 9-9-04

CONTENT

The bill would amend Public Act 51 of 1951 to change the earmarking of a portion of the diesel fuel tax to State and local road agencies and State bridges. In 1997, the gasoline tax was increased from 15 cents to 19 cents per gallon. At the same time, the additional revenue was earmarked. Revenue from three cents of the tax increase was allocated to State and local road agencies. Revenue from one cent of the tax increase was allocated to State trunkline bridges. One cent of the gasoline tax generates approximately \$50 million annually.

Public Act (PA) 151 of 2003 (Senate Bill 539) amended PA 51 to refer to the tax collected under the Motor Fuel Tax Act, in order to provide for an earmarking of four cents of the diesel fuel tax, similar to the earmarking of the gasoline tax. One cent of the diesel fuel tax generates about \$11 million annually. It is unclear whether the Legislature intended to earmark a portion of the diesel fuel tax for State and local road agencies and State trunkline bridges when it passed Senate Bill 539.

MCL 247.660

FISCAL IMPACT

The Michigan Department of Transportation and the Michigan Department of Treasury have been allocating the revenue from the diesel fuel tax consistent with the State statutory provisions that existed before the enactment of PA 151 of 2003. Therefore, the bill would have no fiscal impact on State or local government as it would not change the allocation of the Michigan Transportation Fund.

Fiscal Analyst: Craig Thiel

S0304\S1098sa

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.