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House Bill 4736 (as enrolled)
Sponsor: Representative Michael McCready
House Committee: Transportation and Infrastructure
Senate Committee: Committee of the Whole

Date Completed: 11-4-15

CONTENT

The bill would amend the Michigan Vehicle Code to do the following:

- Beginning January 1, 2017, increase registration taxes for passenger vehicles manufactured after 1984, and commercial vehicles (the elected gross weight schedule) by 20.0%.
- Increase registration taxes for hybrid electric vehicles, as defined by the bill, by \$30 for vehicles weighing 8,000 pounds or less, and \$100 for vehicles weighing more than 8,000 pounds.
- Increase registration taxes for nonhybrid electric vehicles, as defined by the bill, by \$100 for vehicles weighing 8,000 pounds or less, and \$200 for vehicles weighing more than 8,000 pounds.
- Beginning January 1, 2017, increase additional registration taxes on hybrid electric vehicles by \$2.50 per each one cent the motor fuel tax is above \$0.19 per gallon, and on nonhybrid electric vehicles by \$5 per each one cent the motor fuel tax is above \$0.19 per gallon.

The bill would take effect on April 1, 2016, and is tie-barred to Senate Bill 414 and House Bills 4370, 4614, 4616, 4737, and 4738.

MCL 257.801

FISCAL IMPACT

The bill's provisions to increase registration fees by 20.0% would affect road agency and public transit funding as shown in Table 1.

Table 1
(dollars in millions)

Fiscal Year	State Trunkline Fund (MDOT)	County Road Agencies	Cities/Villages	CTF (Public Transit)	Total Impact on Michigan Transportation Fund:
2016-17	\$55.7	\$55.7	\$31.1	\$15.8	\$158.4
2017-18	\$76.0	\$76.0	\$42.4	\$21.6	\$215.9
2018-19	\$77.7	\$77.7	\$43.3	\$22.1	\$165.6
2019-20	\$79.5	\$79.5	\$44.3	\$22.6	\$225.8
2020-21	\$81.3	\$81.3	\$45.3	\$23.1	\$231.0
2021-22	\$83.2	\$83.2	\$46.4	\$23.6	\$236.3

The bill's provisions regarding electric vehicles would have a positive but nominal and indeterminate impact on transportation revenue, resulting in increased funding to the Michigan Department of Transportation and local road agencies. It is unclear how many hybrid electric and nonhybrid electric cars are registered in the State, or how many vehicles would be affected by the provisions for increased registration taxes. These vehicles occupy a relatively small portion of the market compared to vehicles that use conventional fuel. As hybrid electric vehicles and nonhybrid electric vehicles represent a larger market share, the provisions for increased registration fees on these vehicles would continue to increase revenue accordingly.

Fiscal Analyst: Glenn Steffens

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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.