

# Fiscal Analysis

## CTF SHARE OF MOTOR VEHICLE SALES TAX



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**Bill/Sponsor**                    **SENATE BILL 399 (PA 139 OF 2003) as enacted**, Sen. Robert Emerson

**House Committee**            Appropriations

**Analysis**                            **Summary/Fiscal Impact**

SB 399 amends Section 25 of the General Sales Tax Act to change the statutory distribution of motor vehicle-related sales tax credited to the Comprehensive Transportation Fund (CTF). The bill would reduce the sales tax earmark for the CTF from **27.9%** of 25% of the sales tax collected at 4% on motor fuels, motor vehicles, and motor vehicle-related sales, to **24.0%** of 25% of the sales tax collected at 4% on motor fuels, motor vehicles, and motor vehicle-related sales.

Note that the bill as enacted makes the reduction in the CTF percentage share of motor vehicle-related sales tax for two fiscal years only, FY 2003-04 and FY 2004-05. Starting in FY 2005-06, and for each subsequent fiscal year, the CTF share of motor-vehicle related sales tax would revert to the current percentage of **27.9%** of 25% of the tax collected at 4%. The bill as originally introduced would have made the reduction permanent.

The Michigan Department of Treasury, Office of Revenue and Tax Analysis (ORTA) estimates the CTF share of motor-vehicle related sales tax to be \$77.5 million for FY 2002-03. SB 399 will reduce the CTF share of motor vehicle-related sales tax by approximately \$10.8 million in each of the two fiscal years affected, FY 2003-04 and FY 2004-05, based on ORTA sales tax estimates for FY 2003-04. The amounts not credited to the CTF as a result of the bill would be credited to the state General Fund.

Note that bill as first passed the Senate would have reduced the CTF's share of motor-vehicle related sales tax by an additional \$18.0 million in FY 2003-04. The enacted bill does not include this one-time reduction.

The CTF was created in PA 51 of 1951 and is dedicated for public transportation purposes.

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**ENROLLED ANALYSIS - 8/6/03**