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BILL ANALYSIS

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Senate Bill 1051 (as introduced 2-21-06)  
Sponsor: Senator Jud Gilbert, II  
Committee: Transportation

Date Completed: 3-27-06

### **CONTENT**

The bill would amend Public Act 51 of 1951, the Michigan Transportation Fund (MTF) law, to provide that appropriations from the MTF for the necessary expenses incurred by the Department of Treasury in administration and enforcement of the Motor Fuel Tax Act could not exceed \$5.0 million per year.

MCL 247.660

Legislative Analyst: Julie Koval

### **FISCAL IMPACT**

The bill would have no direct fiscal impact on State government. However, the bill would change how certain Department of Treasury programs are funded. Article IX, Section 9 of the State Constitution dedicates all specific taxes on motor fuels to transportation uses "after the payment of necessary collection expenses". Currently, a portion of the revenue from motor fuel taxes is provided to the Department of Treasury to cover the costs associated with collecting these taxes. This funding is provided to Treasury through an annual appropriation from the Michigan Transportation Fund contained within the State transportation budget. This appropriation is most commonly referred to as an interdepartmental grant (IDG). The fiscal year (FY) 2005-06 estimated IDG to Treasury for motor fuel tax collection is \$7.7 million. The FY 2006-07 estimate is \$8.1 million.

The bill would cap the amount of the MTF grant that could be provided to the Department of Treasury at \$5.0 million, a reduction of \$2.7 million in the current fiscal year. The bill does not address how the remainder of Treasury's motor fuel tax collection costs would be covered.

The bill would increase the amount of State transportation revenue provided to local road agencies. The \$2.7 million of MTF revenue that would be made available as a result of the reduction in the IDG to Treasury would be distributed pursuant to the formula contained in Public Act 51 of 1951. The estimated distribution would be as follows: \$270,000 to the Comprehensive Transportation Fund, \$950,000 to the State Trunkline Fund, \$950,000 to county road commissions, and \$530,000 to cities and villages.

Fiscal Analyst: Craig Thiel

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