

Legislative Analysis



COMPREHENSIVE TRANSPORTATION FUND TRANSFER

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 1398

Sponsor: Sen. Ron Jelinek

Senate Committee: Appropriations

House Committee: Appropriations

Complete to 9-22-08

A SUMMARY OF SENATE BILL 1398 AS PASSED BY THE SENATE 9-18-08

Under current law, a portion of the sales tax collected on motor vehicle sales, and on sales of motor-vehicle related products, is credited to the Comprehensive Transportation Fund (CTF) created in 1951 PA 51. (This is often referred to as the “auto-related sales tax.”) The CTF is a state-restricted fund used to support public transportation programs, including operating and capital assistance to public transit agencies. The CTF share of the auto-related portion of the sales tax is estimated to be \$78.5 million in FY 2007-08.

Senate Bill 1398 would amend Section 25 of the General Sales Tax Act to require that for the fiscal year ending September 30, 2008, the auto-related sales tax credit to the CTF would be reduced by \$5.0 million. The bill would, in effect, redirect or transfer \$5.0 million in auto-related sales tax revenue from the CTF to the state General Fund.

This transfer reflects the agreement between the Governor and House and Senate leadership with regard to FY 2007-08 General Fund spending targets. Senate Bill 1398 is identical to House Bill 6055 (Rep. Cushingberry).

For additional information on the Comprehensive Transportation Fund, see the HFA publication “Comprehensive Transportation Fund Revenue Issues” found at:

<http://www.house.mi.gov/hfa/PDFs/CTF%20analysis.pdf>

Fiscal Analyst: William E. Hamilton

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