



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 558 (Substitute S-2 as reported)
Sponsor: Senator Mat J. Dunaskiss
Committee: Technology and Energy

CONTENT

The bill would amend the General Property Tax Act to provide that an increase in the taxable value of real property due to new construction of an alternative fuel fueling station for the retail sale of alternative fuel to a consumer for use in a motor vehicle would be exempt from taxation under the Act for three years. In addition, an alternative fuel fueling station for the retail sale of alternative fuel to a consumer for use in motor vehicles that was taxable as personal property under the Act would be exempt from taxation for three years if the fueling station were new construction. The exemptions would begin on December 30 of the year construction of the alternative fuel fueling station began.

"Alternative fuel" would mean methanol, denatured ethanol, and other alcohols; mixtures containing not less than 70% by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-derived liquid fuels; fuels, other than alcohol, derived from biological materials; and electricity, including electricity from solar energy; and any other fuel designated an alternative fuel by the Secretary of Energy under the provisions of Title III of the Federal Energy Policy Act.

Proposed MCL 211.7ff & 211.9f

Legislative Analyst: P. Affholter

FISCAL IMPACT

This bill would reduce State and local property taxes by an estimated \$94,000 in FY 1996-97. The State education property tax would be reduced by an estimated \$12,000. The local school 18-mill property tax would be reduced by an estimated \$35,000, but as a result, the State would have to increase school aid expenditures by this amount to assure that the affected school districts still received their guaranteed foundation amount. Therefore, the total impact on State government would be \$47,000, which would consist of reduced revenues and increased expenditures. Local government property taxes and school property taxes derived from other than the 18-mill tax would be reduced by an estimated \$47,000.

Date Completed: 6-24-96

Fiscal Analyst: J. Wortley