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BILL ANALYSIS



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Senate Bill 1007 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Mat J. Dunaskiss
Committee: Technology and Energy

CONTENT

The bill would amend the motor fuel tax Act to provide for an alternative to the gasoline tax for a vehicle that used an alternative fuel.

The bill provides that, in place of the gasoline tax imposed under the motor fuel tax Act, the owner of a vehicle propelled on Michigan highways by an alternative fuel would have to purchase an annual highway use sticker for the privilege of using the roads and highways. The sticker would have to be purchased at the same time the vehicle registration was obtained for the vehicle. The sticker would have to be affixed to the lower-left corner of the vehicle's front windshield. The fee for the sticker would be \$90 per year.

MCL 207.102

Legislative Analyst: P. Affholter

FISCAL IMPACT

Under this bill, in exchange for purchasing an annual highway use sticker, owners of alternative-fueled vehicles that used a fuel mixture containing no more than 30% gasoline, would be exempt from the gasoline tax on the gasoline included in the fuel mixture. Owners of vehicles that used liquefied petroleum gas (LPG), however, would have to purchase a sticker as well as continue to pay the current LPG motor fuel tax of 15 cents per gallon. It is estimated that this sticker fee would generate \$1.26 million in FY 1996-97. The revenue generated from the sticker fee would increase in subsequent years as the number of alternative-fueled vehicles increased.

Date Completed: 6-24-96

Fiscal Analyst: J. Wortley

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