



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bills 1007, 1008, and 1009 (as introduced 5-7-96)
Sponsor: Senator Mat J. Dunaskiss
Committee: Technology and Energy

Date Completed: 5-8-96

CONTENT

Senate Bills 1007, 1008, and 1009 would amend, respectively, the motor fuel tax Act, the Michigan Vehicle Code, and the Use Tax Act to provide for an alternative to the gasoline tax for a vehicle that used an “alternative fuel”; require the application for a vehicle’s title to indicate whether the vehicle used an alternative fuel; and exempt from the use tax a vehicle, purchased for lease to another person, that used an alternative fuel.

“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.

Senate Bill 1007

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 as follows:

- \$30 per year until one-half of 1% of the total number of vehicles registered in Michigan, as determined by the Secretary of State, used alternative fuel.
- \$40 per year, beginning the January 1 after the year in which one-half of 1% of the total number of vehicles registered in Michigan used alternative fuel and continuing until 1% of the total number of vehicles registered used alternative fuel.
- \$50 per year, beginning the January 1 after the year in which 1% of the total number of vehicles registered in Michigan used alternative fuel.

Senate Bill 1008

The bill would require that an application for a certificate of title indicate whether the vehicle used an alternative fuel as its fuel source.

Senate Bill 1009

The bill specifies that the use tax would not apply to the use of a vehicle, purchased for lease to another person that used an alternative fuel as its primary fuel source.

MCL 207.102 (S.B. 1007)
257.217 (S.B. 1008)
Proposed MCL 205.94o (S.B. 1009)

Legislative Analyst: P. Affholter

FISCAL IMPACT

Senate Bill 1007

The bill would generate an indeterminate amount of revenue depending on the number of alternative-fueled vehicles. In FY 1993-94 there were 7.6 million motor vehicle registrations. No information is available on the number of alternative-fueled vehicles currently in Michigan.

Senate Bill 1008

Senate Bill 1009

There is not much information available on the number of alternative-fueled vehicles that are purchased or leased each year in Michigan. Based on the limited information that is available, however, it is estimated that 2,000 alternative-fueled vehicles are purchased or leased in Michigan each year. If it is assumed that about 25% of these are leased, using the current percentage of total new gasoline-powered light vehicles that are leased, then this bill would reduce use tax revenue by about \$100,000 during the first year it was in effect, \$200,000 during the second year, and \$300,000 during the third year. Of this reduction in revenue, 67% would be a loss to General Fund/General Purpose revenue, and 33% would be a loss to School Aid Fund revenue.

Fiscal Analyst: B. Bowerman (S.B. 1007 & 1008)
J. Wortley (S.B. 1009)

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.