
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 1364 (as reported without amendment)
Sponsor: Senator Bill Bullard, Jr.
Committee: Transportation and Tourism

CONTENT

The bill would amend the Aeronautics Code to include air carriers in the Code's provisions for an aircraft fuel tax rebate. "Air carriers" would mean entities engaged in the commercial transport for hire of cargo or passengers or a combination of cargo and passengers.

Under the Code, a privilege tax of three cents per gallon is imposed on all fuel sold or used in producing or generating power for propelling aircraft using aeronautical facilities in the State. The tax must be paid to the Secretary of State in the same manner and method and at the same time as is required for the collection of the gasoline tax that is imposed on all gasoline used in motor vehicles. The Code requires that a refund of one-and-one-half cents per gallon be made to airline operators who show proof within six months after purchase that they are operating interstate on scheduled operations. The bill would extend this refund to air carriers. The bill also would require the tax to be paid to the Department of Treasury, instead of the Secretary of State.

MCL 259.203

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would reduce the net amount of aviation gasoline tax revenue collected by the State as a result of expanding who is eligible for the tax refund. In FY 1998-99, approximately \$8.4 million in net tax revenue was collected from aviation fuel tax. Approximately \$3.5 million in rebates were provided in FY 1998-99. As a result of including "air carriers" as eligible for the tax rebate, it is estimated that net tax collections would be reduced; however, the amount is unknown at this time. Tax revenues are deposited in the Aeronautics Fund, where they are used for State aviation programs.

Date Completed: 9-27-00

Fiscal Analyst: C. Thiel