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Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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Senate Bill 1445 (as reported without amendment)  
Sponsor: Senator Joanne G. Emmons  
Committee: Finance

### **CONTENT**

The bill would amend the Motor Fuel Tax Act to provide that a refund allowed under the Act for motor fuel that is contaminated or accidentally lost or destroyed would not apply if the person seeking the refund had been reimbursed for the contamination or loss by the Federal government. Currently, a refund is not available if the person has been reimbursed by an insurance company; the bill would retain this provision.

Further, a motor fuel end user currently may seek a refund for tax paid on gasoline used in a passenger vehicle with a capacity of five or more under a municipal franchise, license, or agreement; a person operating a State certified vehicle to transport school students; and a community action agency that is not a part of a political subdivision of the State. To qualify for the refund, the vehicle must have a capacity of five or more passengers. The bill would refer to a passenger vehicle with a capacity of 12 or more.

MCL 207.1040 & 207.1041

Legislative Analyst: George Towne

### **FISCAL IMPACT**

The bill would result in a decrease in the number and amount of tax refunds provided under the Motor Fuel Tax Act. The decrease would result from two provisions in the bill: 1) a refund would not be provided to a taxpayer for fuel that was contaminated or accidentally lost or destroyed if the person had been reimbursed for the contamination by the Federal government, and 2) to qualify for a refund for taxes paid on gasoline used in a passenger vehicle, the vehicle would have to have a capacity of 12 or more, whereas currently it must have a capacity of five or more passengers.

A decrease in the number and amount of refunds provided under the Act would result in increased tax revenue retained by the Michigan Transportation Fund. This would increase revenue provided to local road agencies through the Public Act 51 of 1951 distribution formula. State road funds also would increase from the reduction in the number and amount of refunds.

Date Completed: 12-4-02

Fiscal Analyst: Craig Thiel