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Senate Bill 1321 (as introduced 5-15-08)
Sponsor: Senator Jud Gilbert, II
Committee: Transportation

Date Completed: 5-20-08

CONTENT

The bill would amend the Michigan Transportation Fund (MTF) law to require the appropriation of funds for necessary collection expenses, rather than for expenses incurred in the administration and enforcement of the Motor Fuel Tax, the Motor Carrier Tax Act, and sections of the Michigan Vehicle Code dealing with vehicle registration fees; and to prohibit the reimbursement of expenditures until the Auditor General approved a cost allocation methodology based on the actual costs of collection.

The law requires the Legislature to appropriate funds for the necessary expenses incurred in the administration and enforcement of the Motor Fuel Tax Act, the Motor Carrier Act, and Sections 801 to 810 of the Michigan Vehicle Code (which deal with vehicle registration fees). The bill instead would refer to necessary collection expenses of the Motor Fuel Tax Act and the Motor Carrier Act, and would remove this reference to the Michigan Vehicle Code.

Under the law, funds appropriated for these necessary expenses must be based upon established cost allocation methodology that reflects actual costs. The bill would require the methodology to reflect actual costs of collection. Beginning in the State fiscal year 2008-09, no expenditures incurred by any department could be disbursed under these provisions until the Auditor General had approved a cost allocation methodology based on the actual costs of collection.

Currently, appropriations for necessary expenses incurred by the Department of State in the administration and enforcement of Sections 801 to 810 of the Michigan Vehicle Code must be made from funds in the MTF and from funds in the Transportation Administration Collection Fund. Under the bill, necessary collection expenses incurred by the Department of State for collections made under Sections 801 to 810 of the vehicle code would have to be made from funds in the Transportation Administration Collection Fund that previously were deposited in the MTF.

(The Transportation Administration Collection Fund was created within the Department of Treasury under the Michigan Vehicle Code, to be used to defray the cost of collecting motor fuel taxes. Money credited to the Fund from revenue collected under Sections 801 to 810 of the Code may be used only to pay necessary collection expenses incurred by the Department of State in the administration and enforcement of those sections.)

The bill would remove provisions under which appropriations from the MTF for the necessary expenses incurred in the administration and enforcement of Sections 801 to 810 of the Vehicle Code may not exceed \$20.0 million per fiscal year.

MCL 247.660

Legislative Analyst: Curtis Walker

FISCAL IMPACT

While the bill would not affect the administrative expenditures of the Department of Transportation, it could provide more funding for transit and road repair and construction. Should the new cost allocation methods reduce interdepartmental grants to other agencies, more funding would flow through the statutory formula to the Comprehensive Transportation Fund (funding public transit), the State Trunkline Fund, county road commissions, and cities and villages. In addition, departments receiving the interdepartmental grants (Department of State; Department of Treasury; Department of Environmental Quality; Auditor General; Attorney General; Department of Civil Service; Department of History, Arts, and Libraries; Department of Management and Budget; and Department of State Police) could be affected to the extent that any interdepartmental grant amounts would be adjusted based upon the new cost allocation methods.

Fiscal Analyst: Debra Hollon

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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.