

# Legislative Analysis

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## DIFFERENTIAL FUEL TAX

Mitchell Bean, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 5751**

**Sponsor: Rep. Philip LaJoy**

**Committee: Agriculture**

**Complete to 2-28-06**

## A SUMMARY OF HOUSE BILL 5751 AS INTRODUCED 2-23-06

The bill would amend the Motor Fuel Tax Act to provide a motor fuel tax of 12 cents per gallon on gasoline that is at least 85 percent ethanol and on diesel fuel that contains at least 5 percent biodiesel. The current 19-cent per gallon tax would remain on other gasoline and the 15-cent per gallon tax would remain on other diesel fuel.

The director of the Department of Agriculture would annually determine the difference between the amount of motor fuel collected at the lower rates and the amount that would have been collected had the higher rates remained in place. The Legislature would be required to appropriate the amount of the difference annually to the Michigan Transportation Fund. If the Legislature did not make the appropriation, the lower rates would cease to be in effect beginning the first fiscal year after the year in which an appropriation was not made.

The lower rates would be no longer effective the earlier of (1) 10 years after the effective date of this bill; or (2) the date that the total cumulative differential in tax receipts was greater than \$2.5 million.

MCL 207.1008

## FISCAL IMPACT:

A fiscal analysis is in process.

Legislative Analyst: Chris Couch  
Fiscal Analyst: William Hamilton

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