

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 678**

A bill to amend 1993 PA 327, entitled
"Tobacco products tax act,"
by amending section 12 (MCL 205.432), as amended by 2012 PA 188.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 12. (1) The proceeds derived from the payment of taxes,
2 fees, and penalties provided for under this act and the license
3 fees received by the department shall be deposited with the state
4 treasurer and disbursed only as provided in this section and
5 section 7(5). However, before a distribution of funds is made under
6 this section, subject to appropriation, the funds described in this
7 section may be used by the department, the attorney general, and
8 the department of state police for enforcement and administration
9 of this act.

10 (2) The tax imposed under section 7(1)(a) shall be disbursed

1 as follows:

2 (a) 94% of the proceeds shall be credited to the state school
3 aid fund established by section 11 of article IX of the state
4 constitution of 1963.

5 (b) 6% of the proceeds shall be credited to the healthy
6 Michigan fund created under section 5953 of the public health code,
7 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described
8 in this subdivision that are used for smoking prevention programs
9 shall be used by the department of community health to expand the
10 free smokers quit kit program to include the nicotine patch or
11 nicotine gum.

12 (3) The tax imposed on cigarettes under section 7(1)(b) shall
13 be disbursed as follows:

14 (a) Beginning May 1, 1994 and through June 30, 2004, 5.3% of
15 the proceeds shall be credited to the health and safety fund
16 created in the health and safety fund act, 1987 PA 264, MCL 141.471
17 to 141.479.

18 (b) Beginning July 1, 2004, 6.5% of the proceeds shall be
19 credited to the health and safety fund created in the health and
20 safety fund act, 1987 PA 264, MCL 141.471 to 141.479.

21 (c) Through June 30, 2004, 25.3% of the proceeds shall be
22 credited to the general fund of this state.

23 (d) Beginning July 1, 2004 **AND THROUGH SEPTEMBER 30, 2014,**
24 24.1% of the proceeds shall be credited to the general fund of this
25 state.

26 (e) 63.4% of the proceeds shall be credited to the state
27 school aid fund established by section 11 of article IX of the

1 state constitution of 1963.

2 (f) 6% of the proceeds shall be credited to the healthy
3 Michigan fund created under section 5953 of the public health code,
4 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described
5 in this subdivision that are used for smoking prevention programs
6 shall be used by the department of community health to expand the
7 free smokers quit kit program to include the nicotine patch or
8 nicotine gum.

9 (G) BEGINNING OCTOBER 1, 2014, 24.1% OF THE PROCEEDS SHALL BE
10 DISBURSED AS FOLLOWS:

11 (i) FOR THE 2014-2015 FISCAL YEAR AND EACH SUBSEQUENT FISCAL
12 YEAR, \$3,000,000.00 TO THE MICHIGAN STATE CAPITOL HISTORIC SITE
13 FUND CREATED IN SECTION 7 OF THE MICHIGAN STATE CAPITOL HISTORIC
14 SITE ACT, 2013 PA 240, MCL 4.1947. FOR THE 2015-2016 FISCAL YEAR
15 AND EACH SUBSEQUENT FISCAL YEAR, THE STATE TREASURER SHALL ADJUST
16 THE FIGURE DESCRIBED IN THIS SUBPARAGRAPH BY AN AMOUNT DETERMINED
17 BY THE STATE TREASURER AT THE END OF EACH CALENDAR YEAR TO REFLECT
18 THE CUMULATIVE ANNUAL PERCENTAGE CHANGE IN THE CONSUMER PRICE
19 INDEX. AS USED IN THIS SUBSECTION, "CONSUMER PRICE INDEX" MEANS THE
20 MOST COMPREHENSIVE INDEX OF CONSUMER PRICES AVAILABLE FOR THIS
21 STATE FROM THE BUREAU OF LABOR STATISTICS OF THE UNITED STATES
22 DEPARTMENT OF LABOR.

23 (ii) THE REMAINING PROCEEDS SHALL BE CREDITED TO THE GENERAL
24 FUND OF THIS STATE.

25 (4) Beginning August 1, 2002, the tax imposed on cigarettes
26 under section 7(1)(c) shall be disbursed as follows:

27 (a) Through June 30, 2004, 74.2%, and beginning July 1, 2004,

1 9.0% of the proceeds shall be credited to the general fund of this
2 state.

3 (b) Through June 30, 2004, 4.6%, and beginning July 1, 2004,
4 56.3% of the proceeds shall be credited to the state school aid
5 fund established by section 11 of article IX of the state
6 constitution of 1963.

7 (c) 6.0% of the proceeds shall be credited to the healthy
8 Michigan fund created under section 5953 of the public health code,
9 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described
10 in this subdivision that are used for smoking prevention programs
11 shall be used by the department of community health to expand the
12 free smokers quit kit program to include the nicotine patch or
13 nicotine gum.

14 (d) Through June 30, 2004, 3.0%, and beginning July 1, 2004,
15 3.7% of the proceeds shall be paid to counties with a 2000
16 population of more than 2,000,000, to be used only for indigent
17 health care.

18 (e) Through June 30, 2004, 12.2%, and beginning July 1, 2004,
19 25.0% of the proceeds shall be credited to the medicaid benefits
20 trust fund created under section 5 of the Michigan trust fund act,
21 2000 PA 489, MCL 12.255.

22 (5) Beginning August 1, 2002, the tax imposed under section
23 7(1)(f) shall be disbursed as follows:

24 (a) 75.6% of the proceeds shall be credited to the state
25 school aid fund established by section 11 of article IX of the
26 state constitution of 1963.

27 (b) 6.0% of the proceeds shall be credited to the healthy

1 Michigan fund created under section 5953 of the public health code,
2 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described
3 in this subdivision that are used for smoking prevention programs
4 shall be used by the department of community health to expand the
5 free smokers quit kit program to include the nicotine patch or
6 nicotine gum.

7 (c) 18.4% of the proceeds shall be credited to the general
8 fund of this state.

9 (6) Beginning August 1, 2002, the tax imposed on cigarettes
10 under section 7(1)(d) shall be disbursed as follows:

11 (a) 94.0% of the proceeds shall be credited to the state
12 school aid fund established by section 11 of article IX of the
13 state constitution of 1963.

14 (b) 6.0% of the proceeds shall be credited to the healthy
15 Michigan fund created under section 5953 of the public health code,
16 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described
17 in this subdivision that are used for smoking prevention programs
18 shall be used by the department of community health to expand the
19 free smokers quit kit program to include the nicotine patch or
20 nicotine gum.

21 (7) Beginning July 1, 2004, the tax imposed on cigarettes
22 under section 7(1)(e) shall be disbursed as follows:

23 (a) Beginning July 1, 2004 and through September 30, 2005,
24 100% of the proceeds shall be credited to the Michigan medicaid
25 benefits trust fund created under section 5 of the Michigan trust
26 fund act, 2000 PA 489, MCL 12.255.

27 (b) Beginning October 1, 2005, 75.0% of the proceeds shall be

1 credited to the medicaid benefits trust fund created under section
2 5 of the Michigan trust fund act, 2000 PA 489, MCL 12.255.

3 (c) Beginning October 1, 2005, 25.0% of the proceeds shall be
4 credited to the general fund of this state.

5 (8) Beginning July 1, 2004, the tax imposed under section
6 7(1)(g) shall be disbursed as follows:

7 (a) Beginning July 1, 2004 and through September 30, 2005,
8 100% of the proceeds shall be credited to the Michigan medicaid
9 benefits trust fund created under section 5 of the Michigan trust
10 fund act, 2000 PA 489, MCL 12.255.

11 (b) Beginning October 1, 2005, 75.0% of the proceeds shall be
12 credited to the medicaid benefits trust fund created under section
13 5 of the Michigan trust fund act, 2000 PA 489, MCL 12.255.

14 (c) Beginning October 1, 2005, 25.0% of the proceeds shall be
15 credited to the general fund of this state.

16 (9) The proceeds of the fees and penalties provided for in
17 this act shall be used for the administration of this act.