

SUBSTITUTE FOR  
HOUSE BILL NO. 5383

A bill to amend 2000 PA 489, entitled  
"Michigan trust fund act,"  
by amending sections 2 and 9 (MCL 12.252 and 12.259), section 2 as  
amended and section 9 as added by 2005 PA 232, and by adding  
section 12.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 2. As used in this act:

2       **(A) "COMMUNITY DISTRICT EDUCATION TRUST FUND" MEANS THE**  
3       **COMMUNITY DISTRICT EDUCATION TRUST FUND CREATED IN SECTION 12.**

4       **(B)** ~~(a)~~—"Medicaid benefits trust fund" means the Michigan  
5       ~~medicaid~~ **MEDICAID** benefits trust fund established in section 5.

6       **(C)** ~~(b)~~—"Medicaid program" means a program for medical

1 assistance established under title XIX of the social security act,  
 2 ~~chapter 531, 49 Stat. 620, 42 USC 1396 to 1396f, 1396g-1 to 1396r-~~  
 3 ~~6, and 1396r-8 to 1396v.~~ **1396W-5.**

4 (D) ~~(e)~~ "Medicaid special financing payments" means the  
 5 ~~medicaid~~ **MEDICAID** special adjustor payments each year authorized in  
 6 the department of community health appropriations act.

7 (E) ~~(d)~~ "Michigan merit award trust fund" means the Michigan  
 8 merit award trust fund established in section 9.

9 ~~— (e) "Residual tobacco settlement revenue" means any residual~~  
 10 ~~interests, as defined by the Michigan tobacco settlement finance~~  
 11 ~~authority act, that are received by this state.~~

12 (f) "Tobacco settlement revenue" means money received by this  
 13 state that is attributable to the master settlement agreement  
 14 incorporated into a consent decree and final judgment entered into  
 15 on December 7, 1998 in Kelly Ex Rel. Michigan v Philip Morris  
 16 Incorporated, et al., Ingham county **COUNTY** circuit court, docket  
 17 no. 96-84281CZ, including any rights to receive money attributable  
 18 to the master settlement agreement that has been sold by this  
 19 state.

20 (g) "21st century jobs trust fund" means the 21st century jobs  
 21 trust fund established in section 7.

22 Sec. 9. (1) The Michigan merit award trust fund is established  
 23 in the department of treasury. The Michigan merit award trust fund  
 24 shall consist only of interest and earnings from Michigan merit  
 25 award trust fund investments, donations of money made to the trust  
 26 fund from any source, and any money allocated as provided by law.

27 (2) Money in the Michigan merit award trust fund at the close

1 of a fiscal year shall remain in the Michigan merit award trust  
2 fund and shall not revert to the general fund.

3 (3) The state treasurer shall direct the investment of the  
4 Michigan merit award trust fund.

5 (4) Except as otherwise provided in section 7(5) **AND SECTION**  
6 **12(6)**, each fiscal year, tobacco settlement revenue received by  
7 this state that is not considered a TSR as that term is defined  
8 under the Michigan tobacco settlement finance authority act shall  
9 be allocated to the Michigan merit award trust fund.

10 **SEC. 12. (1) THE COMMUNITY DISTRICT EDUCATION TRUST FUND IS**  
11 **CREATED WITHIN THE STATE TREASURY.**

12 (2) THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS FROM  
13 ANY SOURCE FOR DEPOSIT INTO THE FUND. THE STATE TREASURER SHALL  
14 DIRECT THE INVESTMENT OF THE COMMUNITY DISTRICT EDUCATION TRUST  
15 FUND. THE STATE TREASURER SHALL CREDIT TO THE COMMUNITY DISTRICT  
16 EDUCATION TRUST FUND INTEREST AND EARNINGS FROM COMMUNITY DISTRICT  
17 EDUCATION TRUST FUND INVESTMENTS.

18 (3) MONEY IN THE COMMUNITY DISTRICT EDUCATION TRUST FUND AT  
19 THE CLOSE OF THE FISCAL YEAR SHALL REMAIN IN THE COMMUNITY DISTRICT  
20 EDUCATION TRUST FUND AND SHALL NOT LAPSE TO THE GENERAL FUND.

21 (4) THE DEPARTMENT OF TREASURY SHALL BE THE ADMINISTRATOR OF  
22 THE COMMUNITY DISTRICT EDUCATION TRUST FUND FOR AUDITING PURPOSES.

23 (5) THE DEPARTMENT OF TREASURY SHALL EXPEND MONEY FROM THE  
24 COMMUNITY DISTRICT EDUCATION TRUST FUND, UPON APPROPRIATION, ONLY  
25 TO OFFSET, DIRECTLY OR INDIRECTLY, THE ABSENCE OF LOCAL SCHOOL  
26 OPERATING REVENUE IN A COMMUNITY DISTRICT IN THE FUNDING OF THE  
27 STATE PORTION OF FOUNDATION ALLOWANCES UNDER SECTION 22B OF THE

House Bill No. 5383 as amended June 8, 2016

1 STATE SCHOOL AID ACT OF 1979, 1979 PA 94, MCL 388.1622B. AS USED IN  
2 THIS SUBSECTION, "COMMUNITY DISTRICT" MEANS THAT TERM AS DEFINED IN  
3 SECTION 3 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.3.

4 (6) SUBJECT TO THE LIMITATION IN THIS SUBSECTION, BEGINNING IN  
5 FISCAL YEAR 2017 AND EACH FISCAL YEAR THEREAFTER, \$72,000,000.00 OF  
6 THE TOBACCO SETTLEMENT REVENUE RECEIVED BY THIS STATE THAT IS NOT  
7 CONSIDERED A TSR AS THAT TERM IS DEFINED UNDER THE MICHIGAN TOBACCO  
8 SETTLEMENT FINANCE AUTHORITY ACT, 2005 PA 226, MCL 129.261 TO  
9 129.279, SHALL BE DEPOSITED INTO THE COMMUNITY DISTRICT EDUCATION  
10 TRUST FUND TO BE USED ONLY AS PROVIDED IN SUBSECTION (5). THE TOTAL  
11 AMOUNT DEPOSITED INTO THE COMMUNITY DISTRICT EDUCATION TRUST FUND  
12 PURSUANT TO THIS SUBSECTION SHALL NOT EXCEED \$617,000,000.00.

<<(7) TO THE EXTENT THAT THE AMOUNT DEPOSITED INTO THE COMMUNITY  
DISTRICT EDUCATION TRUST FUND PURSUANT TO SUBSECTION (6) IS LESS THAN  
THE AMOUNT NECESSARY TO OFFSET THE ABSENCE OF LOCAL SCHOOL OPERATING  
REVENUE IN A COMMUNITY DISTRICT IN THE FUNDING OF THE STATE PORTION  
OF FOUNDATION ALLOWANCES UNDER SECTION 22B OF THE STATE SCHOOL AID ACT  
OF 1979, 1979 PA 94, MCL 388.1622B, AND FOR AS LONG AS THAT COMMUNITY  
DISTRICT IS PROHIBITED UNDER SECTION 386 OF THE REVISED SCHOOL CODE,  
1976 PA 451, MCL 380.386, FROM LEVYING A SCHOOL OPERATING TAX, THE  
GENERAL FUND SHALL REIMBURSE THE SCHOOL AID FUND.>>

13 Enacting section 1. This amendatory act does not take effect  
14 unless House Bill No. 5384 of the 98th Legislature is enacted into  
15 law.