

SENATE BILL No. 781

March 4, 1992, Introduced by Senators SCHWARZ, GEAKE, FAUST and POLLACK and referred to the Committee on Finance.

A bill to amend the title and sections 7a and 20 of Act No. 265 of the Public Acts of 1947, entitled as amended

"An act to impose an excise and specific tax upon the sale and distribution of cigarettes; to regulate and license manufacturers, wholesalers, vending machine operators, unclassified acquirers, transportation companies, transporters and retailers thereof, as herein defined; to prescribe the powers and duties of the Michigan department of treasury, revenue division with respect thereto; to provide for the collection of such tax and the disposition thereof; to create the working capital reserve account in the state general fund in the state treasury into which certain collections are deposited and to regulate appropriations of these collections from this account; to provide for the enforcement of this act; to provide for the appointment of special investigators as peace officers for the enforcement of this act; to make an appropriation; and to prescribe penalties for the violation of this act,"

section 7a as added and section 20 as amended by Act No. 219 of the Public Acts of 1987, being sections 205.507a and 205.520 of the Michigan Compiled Laws; and to add sections 20a and 20b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

7 An act to impose an excise ~~and specific~~ tax upon the sale
8 and distribution of cigarettes; to regulate and license manufac-
9 turers, wholesalers, vending machine operators, unclassified
10 acquirers, transportation companies, transporters and retailers,
11 ~~thereof,~~ as ~~herein~~ defined IN THIS ACT; to prescribe the
12 powers and duties of the REVENUE DIVISION OF THE Michigan depart-
13 ment of treasury; ~~revenue division with respect thereto,~~ to
14 provide for the collection AND DISPOSITION of ~~such~~ THE tax;
15 ~~and the disposition thereof,~~ to create ~~the working capital~~
16 ~~reserve account in the state general fund~~ CERTAIN FUNDS in the
17 state treasury into which certain collections are deposited and
18 to regulate appropriations of these collections from ~~this~~
19 ~~account~~ THE FUNDS; to provide for the enforcement of this act;
20 to provide for the appointment of special investigators as peace
21 officers for the enforcement of this act; to make an appropria-
22 tion; and to prescribe penalties for the violation of this act.

26 (2) If a licensee or retailer has on hand for sale, on the
27 date the increased tax rate specified by subsection (1) is

1 effective, any cigarettes upon which a tax of 10.5 mills has been
2 paid, the licensee or retailer shall file a complete inventory of
3 those cigarettes within 20 days and shall pay to the department
4 at the time of the filing of the inventory a tax computed at the
5 rate of 2 mills for each of those cigarettes. All pertinent pro-
6 visions of this act relative to the collection, verification, and
7 administration of the tax imposed by ~~section 7(2)~~ THIS ACT
8 shall be applicable to the tax imposed by this subsection.

9 (3) ~~The proceeds of .5 mills of the tax shall be distrib-~~
10 ~~uted to city, district, and county health departments created~~
11 ~~pursuant to sections 2413, 2415, and 2421 of the public health~~
12 ~~code, Act No. 368 of the Public Acts of 1978, being sections~~
13 ~~333.2413, 333.2415, and 333.2421 of the Michigan Compiled Laws,~~
14 ~~on a per capita basis according to the most recent federal decen-~~
15 ~~nial census. The distribution under this subdivision shall be~~
16 ~~used only for public health prevention programs and services.~~
17 ~~This distribution is in addition to and is not intended as a~~
18 ~~replacement for any other state payments to these health~~
19 ~~departments.~~ COMMENCING ON THE EFFECTIVE DATE OF THIS AMENDATORY
20 ACT, THE TAX IMPOSED UNDER SECTION 7 AND SUBSECTION (1) FOR EACH
21 CIGARETTE SOLD IN THIS STATE SHALL BE INCREASED BY 12.5 MILLS TO
22 25.0 MILLS.

23 (4) IF A LICENSEE OR RETAILER HAS ON HAND FOR SALE, ON THE
24 DATE THE INCREASED TAX RATE SPECIFIED BY SUBSECTION (3) IS EFFEC-
25 TIVE, ANY CIGARETTES UPON WHICH A TAX OF 12.5 MILLS HAS BEEN
26 PAID, THE LICENSEE OR RETAILER SHALL FILE A COMPLETE INVENTORY OF
27 THOSE CIGARETTES WITHIN 20 DAYS AND SHALL PAY TO THE DEPARTMENT

1 AT THE TIME OF THE FILING OF THE INVENTORY A TAX COMPUTED AT THE
2 RATE OF 12.5 MILLS FOR EACH OF THOSE CIGARETTES. ALL PERTINENT
3 PROVISIONS OF THIS ACT RELATIVE TO THE COLLECTION, VERIFICATION,
4 AND ADMINISTRATION OF THE TAX IMPOSED BY THIS ACT SHALL BE APPLI-
5 CABLE TO THE TAX IMPOSED BY THIS SUBSECTION.

6 Sec. 20. (1) The proceeds derived from the payment of
7 taxes, LICENSE AND OTHER fees, and penalties provided for under
8 this act ~~and the license fees received by the department~~ shall
9 be deposited with the state treasurer AND, EXCEPT AS PROVIDED IN
10 SECTIONS 20A AND 20B DISTRIBUTED ONLY AS PROVIDED IN THIS
11 SECTION.

12 (2) ~~The proceeds of 1 mill of the tax~~ FOUR AND
13 THREE-TENTHS PERCENT OF THE REVENUE COLLECTED UNDER THIS ACT
14 shall be credited to the state school aid fund established by
15 section 11 of article IX of the state constitution of 1963. ~~The~~
16 ~~balance of the proceeds from the tax imposed pursuant to section~~
17 ~~7(2) shall be credited to the general fund.~~

18 ~~(3) The collections each fiscal year from the imposition of~~
19 ~~the tax under section 7(3) and (7) shall be deposited in a work-~~
20 ~~ing capital reserve account of the state general fund hereby cre-~~
21 ~~ated in the state treasury. Collections deposited in the working~~
22 ~~capital reserve account in the state general fund shall not be~~
23 ~~appropriated until the state fiscal year in which the following~~
24 ~~applicable conditions occur:~~

25 ~~(a) The accounting procedures of the state are revised to~~
26 ~~provide for the accrual of personal income tax refund liabilities~~

~~1 for an income tax year to those periods to which the personal
2 income tax revenues for the income tax year are accrued.~~

~~3 (b) For purposes of the first transfer from the working cap-
4 ital reserve account in the general fund, an amount equal to the
5 personal income tax refund liabilities newly accrued pursuant to
6 the revision in accounting procedures under subdivision (a) has
7 been accumulated in the working capital reserve account in the
8 general fund.~~

~~9 (4) The collections each fiscal year from the imposition of
10 the tax under section 7a(1) and (2) shall be deposited in the
11 health and safety fund created in the health and safety fund
12 act.~~

13 (3) TWO AND TWO-TENTHS PERCENT OF THE REVENUE COLLECTED
14 UNDER THIS ACT SHALL BE DISTRIBUTED TO CITY, DISTRICT, AND COUNTY
15 HEALTH DEPARTMENTS CREATED PURSUANT TO SECTIONS 2413, 2415, AND
16 2421 OF THE PUBLIC HEALTH CODE, ACT NO. 368 OF THE PUBLIC ACTS OF
17 1978, BEING SECTIONS 333.2413, 333.2415, AND 333.2421 OF THE
18 MICHIGAN COMPILED LAWS, ON A PER CAPITA BASIS ACCORDING TO THE
19 MOST RECENT FEDERAL DECENNIAL CENSUS. THE DISTRIBUTION UNDER
20 THIS SUBSECTION SHALL BE USED ONLY FOR PUBLIC HEALTH PREVENTION
21 PROGRAMS AND SERVICES. THIS DISTRIBUTION IS IN ADDITION TO AND
22 IS NOT INTENDED AS A REPLACEMENT FOR ANY OTHER STATE PAYMENTS TO
23 THESE HEALTH DEPARTMENTS.

24 (4) SIX AND ONE-HALF PERCENT OF THE REVENUE COLLECTED UNDER
25 THIS ACT SHALL BE DEPOSITED IN THE HEALTH AND SAFETY FUND CREATED
26 IN THE HEALTH AND SAFETY FUND ACT, ACT NO. 264 OF THE PUBLIC ACTS

1 OF 1987, BEING SECTIONS 141.471 TO 141.479 OF THE MICHIGAN
2 COMPILED LAWS.

3 (5) FORTY-ONE AND TWO-TENTHS PERCENT OF THE REVENUE COL-
4 LECTED UNDER THIS ACT SHALL BE DEPOSITED IN THE GENERAL FUND OF
5 THIS STATE.

6 (6) FORTY-FIVE AND EIGHT-TENTHS PERCENT OF THE REVENUE COL-
7 LECTED UNDER THIS ACT AFTER THE EFFECTIVE DATE OF THIS AMENDATORY
8 ACT AND BEFORE OCTOBER 1, 1992 SHALL BE DEPOSITED IN THE GENERAL
9 FUND OF THIS STATE.

10 (7) FORTY-FIVE AND EIGHT-TENTHS PERCENT OF THE REVENUE COL-
11 LECTED UNDER THIS ACT AFTER SEPTEMBER 30, 1992 SHALL BE DEPOSITED
12 INTO THE EDUCATION AND HEALTH FUND CREATED IN SECTION 20B.

13 SEC. 20A. THE TAX COLLECTED PURSUANT TO SECTION 7A(4) SHALL
14 BE DEPOSITED INTO THE GENERAL FUND OF THIS STATE.

15 SEC. 20B. (1) THE EDUCATION AND HEALTH FUND IS CREATED IN
16 THE STATE TREASURY.

17 (2) MONEY IN THE EDUCATION AND HEALTH FUND SHALL BE DISTRIB-
18 UTED ONLY AS PROVIDED IN THIS SECTION.

19 (3) SIXTY PERCENT OF THE MONEY IN THE EDUCATION AND HEALTH
20 FUND SHALL BE DISTRIBUTED AS FOLLOWS:

21 (A) SIXTY-FIVE AND ONE-TENTH PERCENT OF THE AMOUNT DESCRIBED
22 IN THIS SUBSECTION SHALL BE USED FOR INSTRUCTIONAL COSTS OF ELE-
23 MENTARY AND SECONDARY EDUCATION.

24 (B) TWENTY-NINE AND FOUR-TENTHS PERCENT OF THE AMOUNT
25 DESCRIBED IN THIS SUBSECTION SHALL BE USED FOR STATE UNIVERSITIES
26 AS DESCRIBED IN SECTION 4, 5, OR 6 OF ARTICLE VIII OF THE STATE
27 CONSTITUTION OF 1963 FOR INSTRUCTIONAL COSTS.

1 (C) FIVE AND ONE-HALF PERCENT OF THE AMOUNT DESCRIBED IN
2 THIS SUBSECTION SHALL BE USED FOR COMMUNITY COLLEGES OR JUNIOR
3 COLLEGES ESTABLISHED UNDER SECTION 7 OF ARTICLE VIII OF THE STATE
4 CONSTITUTION OF 1963 OR PART 25 OF THE SCHOOL CODE OF 1976, ACT
5 NO. 451 OF THE PUBLIC ACTS OF 1976, BEING SECTIONS 380.1601 TO
6 380.1607 OF THE MICHIGAN COMPILED LAWS, FOR INSTRUCTIONAL COSTS.

7 (4) FORTY PERCENT OF THE MONEY IN THE EDUCATION AND HEALTH
8 FUND SHALL BE USED FOR HEALTH PURPOSES.

9 (5) MONEY IN THE EDUCATION AND HEALTH FUND THAT IS NOT DIS-
10 TRIBUTED BY THE END OF THE FISCAL YEAR SHALL REMAIN IN THE FUND
11 FOR DISTRIBUTION IN SUBSEQUENT YEARS ONLY FOR PURPOSES DESCRIBED
12 IN THIS SECTION.

13 (6) DISTRIBUTIONS MADE PURSUANT TO THIS SECTION ARE INTENDED
14 AS ADDITIONAL FUNDING AND ARE NOT INTENDED AS A REPLACEMENT FOR
15 ANY OTHER FUNDING FOR EDUCATION OR HEALTH PURPOSES.