



**House
Legislative
Analysis
Section**

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HEALTHY MICHIGAN FUND

**House Bill 4236 (Substitute H-1)
First Analysis (3-1-95)**

**Sponsor: Rep. Sandra Hill
Committee: Appropriations**

THE APPARENT PROBLEM:

In a March 15, 1994 special election, voters approved Proposal A. Proposal A, which amended the state constitution, together with the legislation that took effect following the ballot proposal's approval, constituted last year's massive school finance reform package. Part of that package was the increase in the tax on cigarettes from 25 cents to 75 cents per pack, and the institution of a tax on non-cigarette tobacco products. The constitution dedicates six percent of this total tax on tobacco products to improving the quality of health care of Michigan residents. Last year, a supplemental appropriations bill provided for the allocation of new cigarette tax revenues. What is lacking, however, is a permanent statute to provide for the receipt and distribution of tobacco tax revenues.

THE CONTENT OF THE BILL:

The bill would amend the Public Health Code to add a new part (Part 59a), creating the Healthy Michigan Fund and providing for the distribution of that fund. The fund could be spent only on purposes described in Article IX Section 36 of the state constitution, which dedicates six percent of the proceeds of the tax on tobacco products to improving the quality of health care of Michigan residents. The fund would receive revenues as provided by that section of the state constitution, as well as gifts and donations to the fund.

Money in the fund would be used to improve the public health of Michigan citizens. Programs receiving money from the fund would have to address the needs of vulnerable populations. Appropriations from the fund could be made to the department or other state agencies, and would include, but not be limited to, chronic disease prevention, smoking cessation, anti-tobacco activities, maternal and child health initiatives, immunization activities, and local public health surveillance and evaluations.

Money remaining in the fund at the end of a fiscal year would remain in the fund and would not revert to the general fund.

The fund would not be intended to replace any other money appropriated to the public health department or other state agencies.

FISCAL IMPLICATIONS:

According to the Department of Treasury, the January 12 revenue estimating conference consensus figure for current fiscal year tobacco tax revenues is \$578 million. Under the constitution and the bill, six percent of this figure, or \$34.7 million, would be earmarked for the Healthy Michigan Fund. (2-28-95)

ARGUMENTS:

For:

Through creating the Healthy Michigan Fund, the bill would provide for the receipt and distribution of certain tobacco tax revenues earmarked by the constitution for improving the quality of health care of Michigan residents. Through its list of activities eligible for funding, the bill would provide detailed articulation of constitutional aims.

POSITIONS:

The Department of Public Health supports the bill. (2-28-95)

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