



# HOUSE BILL No. 5842

May 1, 1996, Introduced by Rep. Munsell and referred to the Committee on Tax Policy.

A bill to amend section 3 of Act No. 327 of the Public Acts of 1993, entitled  
"Tobacco products tax act,"  
being section 205.423 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 3 of Act No. 327 of the Public Acts of  
2 1993, being section 205.423 of the Michigan Compiled Laws, is  
3 amended to read as follows:

4 Sec. 3. (1) Beginning May 1, 1994, a person shall not pur-  
5 chase, possess, acquire for resale, or sell a tobacco product as  
6 a manufacturer, wholesaler, secondary wholesaler, vending machine  
7 operator, unclassified acquirer, transportation company, or  
8 transporter in this state unless licensed to do so.

9 (2) Upon proper application and the payment of the  
10 applicable fee, AND SUBJECT TO SUBSECTION (6), the department

1 shall issue a license to each manufacturer, wholesaler, secondary  
 2 wholesaler, vending machine operator, unclassified acquirer,  
 3 transportation company, or transporter. The application shall be  
 4 on a form prescribed by the department and signed under penalty  
 5 of perjury. Except for transportation companies, each place of  
 6 business shall be separately licensed. If a person acts in more  
 7 than 1 capacity at any 1 place of business, a license shall be  
 8 procured for each capacity. Each machine for vending tobacco  
 9 products shall be considered a place of retail business. Each  
 10 license or a duplicate copy shall be prominently displayed on the  
 11 premises covered by the license. In the case of vending  
 12 machines, a disc or marker furnished by the department showing it  
 13 to be licensed shall be attached to the machine.

14 (3) The fees for licenses shall be the following:

15 ~~(a) A manufacturer's license, \$100.00.~~

16 (A) ~~(b)~~ A wholesaler's license, \$100.00.

17 (B) ~~(c)~~ A secondary wholesaler's license, \$25.00.

18 (C) ~~(d)~~ A license for vending machine operators having 50  
 19 or more vending machines in operation, \$100.00.

20 (D) ~~(e)~~ A license for vending machine operators having not  
 21 less than 25 and not more than 49 machines in operation, \$50.00.

22 (E) ~~(f)~~ A license for vending machine operators having not  
 23 less than 4 machines and not more than 24 machines in operation,  
 24 \$25.00.

25 (F) ~~(g)~~ A license for vending machine operators having not  
 26 more than 3 machines, \$5.00 for each machine.

1 (G) ~~(h)~~ An unclassified acquirer's license, ~~a sum~~  
2 ~~determined by the department, but not to exceed \$150.00.~~ AS  
3 FOLLOWS:

4 (i) STATE OF MICHIGAN, NO FEE.

5 (ii) RETAIL IMPORTER, \$10.00.

6 (iii) VENDING MACHINE OPERATOR BUYING DIRECT FROM A MANUFAC-  
7 Turer, \$100.00.

8 (iv) MANUFACTURER, \$100.00.

9 (v) ANY OTHER IMPORTER, \$10.00.

10 (H) ~~(i)~~ A transportation company's license, \$5.00.

11 (I) ~~(j)~~ A transporter's license, \$50.00.

12 (4) If a manufacturer, wholesaler, secondary wholesaler, or  
13 vending machine operator maintains more than 1 place of business,  
14 the fee for each additional place of business shall be 1/4 of the  
15 fee otherwise prescribed in subsection (3). A fee, or a part of  
16 a fee, shall not be refunded by reason of relinquishment, suspen-  
17 sion, or revocation of the license, or, except under order of a  
18 court of competent jurisdiction, for any other reason or cause.

19 (5) A person shall not possess a machine for vending tobacco  
20 products for a period in excess of 72 hours unless there is a  
21 disc or marker attached as provided by this section. This  
22 requirement does not apply to a machine not containing a tobacco  
23 product. If a person possesses a vending machine containing a  
24 tobacco product that is not properly licensed or identified as  
25 required by this section, the department may seal or seize the  
26 machine, together with the tobacco products contained in the

1 machine. The provisions of section 9 govern the seizure and  
2 subsequent disposition of a machine or tobacco product seized.

3 (6) The department may require a licensee under this section  
4 to furnish a surety bond with a surety company authorized to do  
5 business in this state in an amount the department may fix, con-  
6 ditioned upon the payment of the tax provided by this act. The  
7 department may also require a licensee under this section to file  
8 a financial statement with the department showing all assets and  
9 liabilities and any other information the department may pre-  
10 scribe, to be filed within 30 days after the date requested. IF  
11 THERE IS A SUBSTANTIAL CHANGE OF OWNERSHIP OR CONTROL OF A  
12 LICENSEE, THE DEPARTMENT MAY REQUIRE THAT LICENSEE TO FILE A NEW  
13 APPLICATION FOR A LICENSE OR AN UPDATED FINANCIAL STATEMENT.