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BILL ANALYSIS

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Senate Bill 678 (as enacted)
Sponsor: Senator Roger Kahn, M.D.
Senate Committee: Government Operations
House Committee: Appropriations

PUBLIC ACT 272 of 2014

Date Completed: 7-7-14

CONTENT

The bill amended the Tobacco Products Tax Act to revise the annual distribution of revenue from the tax imposed on cigarettes, by allocating \$3.0 million to the Michigan State Capitol Historic Site Fund from proceeds that otherwise would go the State General Fund.

The Act imposes a total tax of 100 mills on each cigarette sold (which equates to \$2 on a pack of 20 cigarettes). Different revenue distributions are specified for 37.5 mills, an additional 15 mills, an additional 10 mills, and an additional 37.5 mills. The bill revises the distribution of the proceeds of the first 37.5 mills.

For the first 37.5 mills, the Act allocates 24.1% of the proceeds to the General Fund. Under the bill, this applies through September 30, 2014. For fiscal year (FY) 2014-15, and each subsequent year, the bill allocates \$3.0 million of the 24.1% to the Michigan State Capitol Historic Site Fund. For FY 2015-16 and each subsequent fiscal year, the State Treasurer must adjust that figure by the cumulative annual percentage change in the Consumer Price Index. The remaining proceeds of the 24.1% must be credited to the General Fund.

From the funds allocated to the State Capitol Historic Site Fund, the bill requires the Michigan State Capitol Commission, by February 1 each year, to report to the Michigan Capitol Committee and the chairpersons of the Senate and House of Representatives Appropriations Committees. The report must contain all of the following:

- The proposed maintenance plan for the Michigan State Capitol Historic Site for the following fiscal year.
- The projected five-year maintenance plan for the Historic Site for the following five fiscal years.
- Projected large-scale projects for the Historic Site that exceed \$1.0 million.

The bill took effect on July 2, 2014.

MCL 205.432

BACKGROUND

Public Act 240 of 2013 enacted the Michigan State Capitol Historic Site Act to establish the Michigan State Capitol Historic Site, which consists of the State Capitol Building and grounds. The Act also created the Michigan State Capitol Commission and requires it to operate and manage the Historic Site; maintain and restore the Capitol building; maintain

and improve the grounds of the site; establish, maintain, and operate parking facilities in the State Capitol area; and perform other duties. The Commission consists of the Secretary of the Senate, the Speaker of the House of Representatives, two individuals appointed jointly by the Secretary of the Senate and the Speaker of the House, and two appointed by the Governor.

In addition, Public Act 240 created the Michigan State Capitol Historic Site Fund, which the Commission may use to carry out its responsibilities. The Commission is required to make recommendations to the Governor, the Senate, and the House regarding funding for the site, including funding from the Historic Site Fund.

The Michigan Capitol Committee previously was established under the Legislative Council Act, and consists of six members appointed by the Senate Majority Leader and six appointed by the Speaker of the House. Public Act 241 of 2013 amended that Act to require the Committee to make recommendations to the Michigan State Capitol Commission regarding the restoration and preservation of the State Capitol Building, and the management, operation, development, construction, renovation, maintenance, and repair of the building and grounds. (Previously, the Committee was required to make these recommendations to the Governor, the Senate Majority Leader, and the Speaker of the House.)

Public Act 241 also requires the Committee to make recommendations to the State Capitol Commission (rather than to the Governor, Senate Majority Leader, and Speaker of the House) regarding implementation of permanent physical changes to the Capitol building and grounds; implementation of a State Capitol Building master plan; public and private financial support for the building and grounds; and the selection, design, and placement of statues, memorials, trees, and plants on the grounds.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill will reduce revenue to the General Fund by \$3.0 million or more beginning in FY 2014-15. It earmarks this amount annually (adjusted for inflation) starting in FY 2014-15 from a portion of the cigarette tax revenue that currently is deposited into the General Fund, to the Michigan State Capitol Historic Site Fund created by Public Act 240 of 2013. Statute requires that the Michigan State Capitol Historic Site Fund be used for the purposes of the Michigan State Capitol Site Commission, which include operation and restoration of the State Capitol Building, maintenance of the building and grounds, and making recommendations to the Governor, Senate, and House of Representatives regarding use of the Michigan State Capitol Historic Site Fund. Unspent funds will carry forward into the subsequent fiscal year under existing statutory authority. The bill also requires that a portion of the revenue be used by the Michigan State Capitol Commission for an annual report, which will include a five-year maintenance plan.

Fiscal Analyst: Elizabeth Pratt

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.