

**SUBSTITUTE FOR  
SENATE BILL NO. 678**

A bill to amend 1993 PA 327, entitled  
"Tobacco products tax act,"  
by amending section 12 (MCL 205.432), as amended by 2012 PA 188.

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

1       Sec. 12. (1) The proceeds derived from the payment of taxes,  
2 fees, and penalties provided for under this act and the license  
3 fees received by the department shall be deposited with the state  
4 treasurer and disbursed only as provided in this section and  
5 section 7(5). However, before a distribution of funds is made under  
6 this section, subject to appropriation, the funds described in this  
7 section may be used by the department, the attorney general, and  
8 the department of state police for enforcement and administration  
9 of this act.

10       (2) The tax imposed under section 7(1)(a) shall be disbursed

1 as follows:

2 (a) 94% of the proceeds shall be credited to the state school  
3 aid fund established by section 11 of article IX of the state  
4 constitution of 1963.

5 (b) 6% of the proceeds shall be credited to the healthy  
6 Michigan fund created under section 5953 of the public health code,  
7 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described  
8 in this subdivision that are used for smoking prevention programs  
9 shall be used by the department of community health to expand the  
10 free smokers quit kit program to include the nicotine patch or  
11 nicotine gum.

12 (3) The tax imposed on cigarettes under section 7(1)(b) shall  
13 be disbursed as follows:

14 (a) Beginning May 1, 1994 and through June 30, 2004, 5.3% of  
15 the proceeds shall be credited to the health and safety fund  
16 created in the health and safety fund act, 1987 PA 264, MCL 141.471  
17 to 141.479.

18 (b) Beginning July 1, 2004, 6.5% of the proceeds shall be  
19 credited to the health and safety fund created in the health and  
20 safety fund act, 1987 PA 264, MCL 141.471 to 141.479.

21 (c) Through June 30, 2004, 25.3% of the proceeds shall be  
22 credited to the general fund of this state.

23 (d) Beginning July 1, 2004 **AND THROUGH SEPTEMBER 30, 2014,**  
24 24.1% of the proceeds shall be credited to the general fund of this  
25 state.

26 (e) 63.4% of the proceeds shall be credited to the state  
27 school aid fund established by section 11 of article IX of the

1 state constitution of 1963.

2 (f) 6% of the proceeds shall be credited to the healthy  
3 Michigan fund created under section 5953 of the public health code,  
4 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described  
5 in this subdivision that are used for smoking prevention programs  
6 shall be used by the department of community health to expand the  
7 free smokers quit kit program to include the nicotine patch or  
8 nicotine gum.

9 (G) BEGINNING OCTOBER 1, 2014, 24.1% OF THE PROCEEDS SHALL BE  
10 DISBURSED AS FOLLOWS:

11 (i) FOR THE 2014-2015 FISCAL YEAR AND EACH SUBSEQUENT FISCAL  
12 YEAR, \$3,000,000.00 TO THE MICHIGAN STATE CAPITOL HISTORIC SITE  
13 FUND CREATED IN SECTION 7 OF THE MICHIGAN STATE CAPITOL HISTORIC  
14 SITE ACT, 2013 PA 240, MCL 4.1947. FOR THE 2015-2016 FISCAL YEAR  
15 AND EACH SUBSEQUENT FISCAL YEAR, THE STATE TREASURER SHALL ADJUST  
16 THE FIGURE DESCRIBED IN THIS SUBPARAGRAPH BY AN AMOUNT DETERMINED  
17 BY THE STATE TREASURER AT THE END OF EACH CALENDAR YEAR TO REFLECT  
18 THE CUMULATIVE ANNUAL PERCENTAGE CHANGE IN THE CONSUMER PRICE  
19 INDEX. AS USED IN THIS SUBSECTION, "CONSUMER PRICE INDEX" MEANS THE  
20 MOST COMPREHENSIVE INDEX OF CONSUMER PRICES AVAILABLE FOR THIS  
21 STATE FROM THE BUREAU OF LABOR STATISTICS OF THE UNITED STATES  
22 DEPARTMENT OF LABOR.

23 (ii) FOR THE 2014-2015 FISCAL YEAR AND EACH SUBSEQUENT FISCAL  
24 YEAR, \$50,000.00 TO THE OFFICIAL RESIDENCE FUND CREATED IN SECTION  
25 6 OF THE OFFICIAL RESIDENCE ACT. FOR THE 2015-2016 FISCAL YEAR AND  
26 EACH SUBSEQUENT FISCAL YEAR, THE STATE TREASURER SHALL ADJUST THE  
27 ANNUAL ALLOCATION AND THE CAP ON THE BALANCE OF THE FUND DESCRIBED

1 IN THIS SUBPARAGRAPH BY AN AMOUNT DETERMINED BY THE STATE TREASURER  
2 AT THE END OF EACH CALENDAR YEAR TO REFLECT THE CUMULATIVE ANNUAL  
3 PERCENTAGE CHANGE IN THE CONSUMER PRICE INDEX. IN ADDITION, THE  
4 STATE TREASURER SHALL ADJUST THE ANNUAL ALLOCATION DESCRIBED IN  
5 THIS SUBPARAGRAPH SO THE BALANCE OF THE OFFICIAL RESIDENCE FUND  
6 CREATED IN SECTION 6 OF THE OFFICIAL RESIDENCE ACT DOES NOT EXCEED  
7 \$200,000.00 OR THAT AMOUNT AS ADJUSTED UNDER THIS SUBPARAGRAPH. AS  
8 USED IN THIS SUBSECTION, "CONSUMER PRICE INDEX" MEANS THE MOST  
9 COMPREHENSIVE INDEX OF CONSUMER PRICES AVAILABLE FOR THIS STATE  
10 FROM THE BUREAU OF LABOR STATISTICS OF THE UNITED STATES DEPARTMENT  
11 OF LABOR.

12 (iii) THE REMAINING PROCEEDS SHALL BE CREDITED TO THE GENERAL  
13 FUND OF THIS STATE.

14 (4) Beginning August 1, 2002, the tax imposed on cigarettes  
15 under section 7(1)(c) shall be disbursed as follows:

16 (a) Through June 30, 2004, 74.2%, and beginning July 1, 2004,  
17 9.0% of the proceeds shall be credited to the general fund of this  
18 state.

19 (b) Through June 30, 2004, 4.6%, and beginning July 1, 2004,  
20 56.3% of the proceeds shall be credited to the state school aid  
21 fund established by section 11 of article IX of the state  
22 constitution of 1963.

23 (c) 6.0% of the proceeds shall be credited to the healthy  
24 Michigan fund created under section 5953 of the public health code,  
25 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described  
26 in this subdivision that are used for smoking prevention programs  
27 shall be used by the department of community health to expand the

1 free smokers quit kit program to include the nicotine patch or  
2 nicotine gum.

3 (d) Through June 30, 2004, 3.0%, and beginning July 1, 2004,  
4 3.7% of the proceeds shall be paid to counties with a 2000  
5 population of more than 2,000,000, to be used only for indigent  
6 health care.

7 (e) Through June 30, 2004, 12.2%, and beginning July 1, 2004,  
8 25.0% of the proceeds shall be credited to the medicaid benefits  
9 trust fund created under section 5 of the Michigan trust fund act,  
10 2000 PA 489, MCL 12.255.

11 (5) Beginning August 1, 2002, the tax imposed under section  
12 7(1)(f) shall be disbursed as follows:

13 (a) 75.6% of the proceeds shall be credited to the state  
14 school aid fund established by section 11 of article IX of the  
15 state constitution of 1963.

16 (b) 6.0% of the proceeds shall be credited to the healthy  
17 Michigan fund created under section 5953 of the public health code,  
18 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described  
19 in this subdivision that are used for smoking prevention programs  
20 shall be used by the department of community health to expand the  
21 free smokers quit kit program to include the nicotine patch or  
22 nicotine gum.

23 (c) 18.4% of the proceeds shall be credited to the general  
24 fund of this state.

25 (6) Beginning August 1, 2002, the tax imposed on cigarettes  
26 under section 7(1)(d) shall be disbursed as follows:

27 (a) 94.0% of the proceeds shall be credited to the state

1 school aid fund established by section 11 of article IX of the  
2 state constitution of 1963.

3 (b) 6.0% of the proceeds shall be credited to the healthy  
4 Michigan fund created under section 5953 of the public health code,  
5 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described  
6 in this subdivision that are used for smoking prevention programs  
7 shall be used by the department of community health to expand the  
8 free smokers quit kit program to include the nicotine patch or  
9 nicotine gum.

10 (7) Beginning July 1, 2004, the tax imposed on cigarettes  
11 under section 7(1)(e) shall be disbursed as follows:

12 (a) Beginning July 1, 2004 and through September 30, 2005,  
13 100% of the proceeds shall be credited to the Michigan medicaid  
14 benefits trust fund created under section 5 of the Michigan trust  
15 fund act, 2000 PA 489, MCL 12.255.

16 (b) Beginning October 1, 2005, 75.0% of the proceeds shall be  
17 credited to the medicaid benefits trust fund created under section  
18 5 of the Michigan trust fund act, 2000 PA 489, MCL 12.255.

19 (c) Beginning October 1, 2005, 25.0% of the proceeds shall be  
20 credited to the general fund of this state.

21 (8) Beginning July 1, 2004, the tax imposed under section  
22 7(1)(g) shall be disbursed as follows:

23 (a) Beginning July 1, 2004 and through September 30, 2005,  
24 100% of the proceeds shall be credited to the Michigan medicaid  
25 benefits trust fund created under section 5 of the Michigan trust  
26 fund act, 2000 PA 489, MCL 12.255.

27 (b) Beginning October 1, 2005, 75.0% of the proceeds shall be

1 credited to the medicaid benefits trust fund created under section  
2 5 of the Michigan trust fund act, 2000 PA 489, MCL 12.255.

3 (c) Beginning October 1, 2005, 25.0% of the proceeds shall be  
4 credited to the general fund of this state.

5 (9) The proceeds of the fees and penalties provided for in  
6 this act shall be used for the administration of this act.