



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 472 (Substitute S-2 as reported)
Sponsor: Senator Wayne Schmidt
Committee: Commerce

CONTENT

The bill would amend Public Act 244 of 1999, which requires certain tobacco product manufacturers to deposit funds in escrow accounts, to do the following:

- Require the deposits to be made quarterly, rather than annually, according to a specific schedule.
- Require the quarterly deposits to be based upon units sold in that quarter plus an inflation adjustment, and require an annual reconciliation deposit to be made.
- Require the manufacturers to certify their compliance quarterly, as well as annually.
- Allow a manufacturer to irrevocably assign to the State the manufacturer's interest in the escrow funds, and provide that the assignment would apply to all funds in the account and those subsequently deposited.
- Provide for assigned escrow funds to be withdrawn by the State and deposited into the General Fund as a credit against a judgment or settlement on a released claim brought against the manufacturer by the State or a releasing party.
- Modify the definition of "units sold".
- Allow, rather than require, the Department of Treasury to promulgate such rules as are necessary to ascertain the number of units sold by the manufacturer each year.

MCL 445.2051 & 445.2052

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would result in a small amount of costs to the Department of Treasury and would have no impact on escrow funds. Moving to quarterly deposits into the escrow accounts would not have an impact in the long run; however, it would allow accounts to increase more rapidly for withdrawals needed to be made by the State. The Department would have minor costs to ensure quarterly deposits and reconciliation deposits. These costs would not require additional appropriations to the Department.

Date Completed: 12-7-15

Fiscal Analyst: Cory Savino