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BILL



ANALYSIS

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Senate Bill 956 (as introduced 5-5-16)
Sponsor: Senator Jim Stamas
Committee: Appropriations

Date Completed: 5-17-16

CONTENT

The bill would amend the Tobacco Products Tax Act to eliminate any inflationary adjustment to the amount of cigarette tax directed to the Capitol Historic Site Fund if the inflationary adjustment would result in less than \$3.0 million being directed to the Fund.

The Act levies a tax on cigarettes and other tobacco products and provides for the distribution of the revenue to a variety of funds. One portion of the total tax on cigarettes, levied at a rate of 75 cents per pack, is distributed to the Health and Safety Fund, the School Aid Fund, the Healthy Michigan Fund, and the General Fund. Of this portion of the tax, from the portion that would otherwise be distributed to the General Fund, the Act directs \$3.0 million of revenue to the Capitol Historic Site Fund. (The Capitol Historic Site Fund is created in the Michigan State Capitol Historic Site Act, which establishes the State capitol as a historic site and charges a commission with maintaining, restoring, and improving the State Capitol building and surrounding grounds.)

Beginning in FY 2015-16, the Tobacco Products Tax Act requires that the amount of revenue directed to the Capitol Historic Site Fund be adjusted at the end of each calendar year to reflect the cumulative annual percentage change in the consumer price index. Under the bill, for FY 2016-17 and each subsequent year, if the cumulative annual percentage in the consumer price index were negative, the adjustment for that fiscal year would be zero.

MCL 205.432

FISCAL IMPACT

The bill would have a negligible impact on General Fund revenue. The bill's provisions would become effective only if the cumulative annual percentage change in the consumer price index were negative. Under current law, if the cumulative annual percentage change in the consumer price index were negative, then the revenue directed to the Capitol Historic Site Fund would drop below \$3.0 million. Under the bill, if the cumulative annual percentage change in the consumer price index were negative, no adjustment would be made to the revenue directed to the Fund.

On an annual basis, since 1970, the percentage change in the Detroit consumer price index has been negative in only two years: 2009 and 2015.

Fiscal Analyst: David Zin

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