

# Legislative Analysis



## TOBACCO SETTLEMENT REVENUE: EXTEND SUNSET ON 21ST CENTURY JOBS TRUST FUND DEPOSIT

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**Senate Bill 1108 as passed by the Senate**

**Sponsor: Sen. Jim Stamas**

**House Committee: Appropriations**

**Senate Committee: Appropriations**

**Complete to 12-11-18**

*(Enacted as Public Act 577 of 2018)*

### SUMMARY:

Senate Bill 1108 would amend the Michigan Trust Fund Act to extend through fiscal year (FY) 2022-23 a requirement that \$75.0 million in tobacco settlement revenue be deposited annually into the 21<sup>st</sup> Century Jobs Trust Fund. Under current law, the deposit of \$75.0 million into the 21<sup>st</sup> Century Jobs Trust Fund (21<sup>st</sup> CJTF) would end in FY 2018-19.

MCL 12.257

### BRIEF BACKGROUND:

The 21<sup>st</sup> CJTF and corresponding 21<sup>st</sup> CJTF programs were established in 2005 to promote economic development and job creation throughout Michigan. Over the ten-year period of funding agreed upon at the time of passage, the 21<sup>st</sup> CJTF was allocated approximately \$1.0 billion. In FY 2005-06 and FY 2006-07 \$394.0 million was deposited in the 21<sup>st</sup> CJTF, with an additional \$600.0 million deposited over the next 8 years ending in FY 2014-15.

2014 PA 504 extended the sunset for the first time from FY 2014-15 to FY 2018-19.

### FISCAL IMPACT:

The bill would increase 21<sup>st</sup> CJTF revenues by \$300.0 million over the four year period. Under current law, once the \$75.0 million tobacco settlement revenue deposit ended in FY 2018-19, the corresponding revenue would be deposited in the Merit Award Trust Fund.

Today, the corpus of 21<sup>st</sup> CJTF consists only of the annual \$75.0 million deposit and any donations of money made to the fund. The legislature annually appropriates the entire balance of the 21<sup>st</sup> CJTF deposit for economic development and tourism promotion. Table 1 provides FY 2018-19 appropriations from the 21<sup>st</sup> CJTF. The purpose and distribution of the 21<sup>st</sup> CJTF is determined annually by the legislature in an appropriations act.

**Table 1**  
**FY 2018-19 - 21<sup>st</sup> Century Jobs Trust Fund Programs**

<b>Program</b>	<b>21<sup>st</sup> CJTF</b>	<b>GF/GP</b>	<b>TOTAL</b>
Business Attraction and Community Revitalization	\$23,600,000	\$81,779,900	\$105,379,900
Pure Michigan	35,000,000	1,000,000	36,000,000
Entrepreneurship Eco-System	16,400,000	2,500,000	18,900,000
<b>TOTAL</b>	<b>\$75,000,000</b>	<b>\$82,279,900</b>	<b>\$160,279,900</b>

Under statute, the Merit Award Trust Fund is used to fund the Michigan Merit Award Scholarships and associated administrative expenditures, the tuition incentive program, or other purposes as determined by law. Current expenditures from the Merit Award Trust Fund include:

- Student Financial Services Programs – Treasury - \$1,187,300
- Criminal Investigations/Information Technology – State Police - \$846,800
- Medicaid Long-Term Care – DHHS - \$48,200,000
- Aging Respite Care – DHHS - \$4,068,700
- Operations – Attorney General - \$506,700

Fiscal Analyst: Ben Gielczyk

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