

# HOUSE BILL No. 6106

June 5, 2018, Introduced by Rep. VerHeulen and referred to the Committee on Appropriations.

A bill to amend 1993 PA 327, entitled  
"Tobacco products tax act,"  
by amending section 12 (MCL 205.432), as amended by 2016 PA 309.

## 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 health and human services to  
10 expand the free smokers quit kit program to include the nicotine  
11 patch or 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 health and human services to  
7 expand the free smokers quit kit program to include the nicotine  
8 patch or 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.~~ **CONSUMER PRICE INDEX**. Beginning for the 2015-2016 fiscal  
20 year and each subsequent fiscal year, if the cumulative annual  
21 percentage change in the ~~consumer price index~~ **CONSUMER PRICE**  
22 **INDEX** is negative, then the adjustment for that fiscal year is zero. As  
23 used in this subsection, ~~"consumer price index"~~ **"CONSUMER PRICE**  
24 **INDEX"** means the most comprehensive index of consumer prices  
25 available for this state from the Bureau of Labor Statistics of the  
26 United States Department of Labor. From the funds described in this  
27 subparagraph, not later than February 1 of each year, the Michigan

1 state capitol commission created in section 5 of the Michigan state  
2 capitol historic site act, 2013 PA 240, MCL 4.1945, shall report to  
3 the Michigan capitol committee created in section 701 of the  
4 legislative council act, 1986 PA 268, MCL 4.1701, and to the  
5 chairpersons of the house and senate appropriations committees. The  
6 report shall contain all of the following:

7 (A) The proposed maintenance plan for the Michigan State  
8 Capitol Historical Site for the immediately following fiscal year.

9 (B) The projected 5-year maintenance plan for the Michigan  
10 State Capitol Historical Site for the immediately following 5  
11 fiscal years.

12 (C) Projected large-scale projects for the Michigan State  
13 Capitol Historical Site that exceed \$1,000,000.00.

14 (ii) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (10), THE**  
15 remaining proceeds shall be credited to the general fund of this  
16 state.

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

19 (a) Through June 30, 2004, 74.2%, and beginning July 1, 2004,  
20 **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (10),** 9.0% of the  
21 proceeds shall be credited to the general fund of this state.

22 (b) Through June 30, 2004, 4.6%, and beginning July 1, 2004,  
23 56.3% of the proceeds shall be credited to the state school aid  
24 fund established by section 11 of article IX of the state  
25 constitution of 1963.

26 (c) 6.0% of the proceeds shall be credited to the Healthy  
27 Michigan fund created under section 5953 of the public health code,

1 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described  
2 in this subdivision that are used for smoking prevention programs  
3 shall be used by the department of health and human services to  
4 expand the free smokers quit kit program to include the nicotine  
5 patch or nicotine gum.

6 (d) Through June 30, 2004, 3.0%, and beginning July 1, 2004,  
7 3.7% of the proceeds shall be paid to counties with a 2000  
8 population of more than 2,000,000, to be used only for indigent  
9 health care.

10 (e) Through June 30, 2004, 12.2%, and beginning July 1, 2004,  
11 25.0% of the proceeds shall be credited to the Medicaid benefits  
12 trust fund created under section 5 of the Michigan trust fund act,  
13 2000 PA 489, MCL 12.255.

14 (5) Beginning August 1, 2002, the tax imposed under section  
15 7(1)(f) shall be disbursed as follows:

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

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

26 (c) **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (10)**, 18.4% of  
27 the proceeds shall be credited to the general fund of this state.

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

3 (a) 94.0% of the proceeds shall be credited to the state  
4 school aid fund established by section 11 of article IX of the  
5 state constitution of 1963.

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

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

15 (a) Beginning July 1, 2004 and through September 30, 2005,  
16 100% of the proceeds shall be credited to the Michigan Medicaid  
17 benefits trust fund created under section 5 of the Michigan trust  
18 fund act, 2000 PA 489, MCL 12.255.

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

22 (c) Beginning October 1, 2005, **EXCEPT AS OTHERWISE PROVIDED IN**  
23 **SUBSECTION (10)**, 25.0% of the proceeds shall be credited to the  
24 general fund of this state.

25 (8) Beginning July 1, 2004, the tax imposed under section  
26 7(1)(g) shall be disbursed as follows:

27 (a) Beginning July 1, 2004 and through September 30, 2005,

1 100% of the proceeds shall be credited to the Michigan Medicaid  
2 benefits trust fund created under section 5 of the Michigan trust  
3 fund act, 2000 PA 489, MCL 12.255.

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

7 (c) Beginning October 1, 2005, **EXCEPT AS OTHERWISE PROVIDED IN**  
8 **SUBSECTION (10)**, 25.0% of the proceeds shall be credited to the  
9 general fund of this state.

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

12 **(10) FOR STATE FISCAL YEARS BEGINNING AFTER SEPTEMBER 30,**  
13 **2019, IN ADDITION TO THE DISTRIBUTIONS UNDER THIS SECTION,**  
14 **\$84,100,000.00 OF THE REVENUE COLLECTED FROM THE TAXES LEVIED UNDER**  
15 **SECTION 7 CREDITED TO THE GENERAL FUND OF THIS STATE SHALL BE**  
16 **DEPOSITED ANNUALLY INTO THE STATE TREASURY TO THE CREDIT OF THE**  
17 **MICHIGAN INDIGENT DEFENSE FUND CREATED IN SECTION 22 OF THE**  
18 **MICHIGAN INDIGENT DEFENSE COMMISSION ACT, 2013 PA 93, MCL 780.1002.**