Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 720 (Substitute S-2 as reported)
Senate Bills 721 and 722 (as reported without amendment)
Sponsor: Senator Jim Runestad
Committee: Finance

CONTENT

Senate Bill 720 would amend the Tobacco Products Tax Act to do the following:

-- Modify various terms and definitions.
-- Prohibit an unlicensed person from importing tobacco products into the State.
-- Allow a creditor that acquired a tobacco product in the State as a result of exercising a security interest to sell that tobacco product without being licensed under the Act if the creditor received written approval from the Department of Treasury to do so.
-- Modify the requirements for transportation of tobacco products out of the State and require transporters to obtain a license.
-- Allow the Department to delist a manufacturer and establish a procedure by which the Department could remove a tobacco product manufacturer or affiliated brand family of a tobacco product manager from the State's directory
-- Modify the distribution of proceeds from tobacco products taxes.

Senate Bill 721 would amend the Health and Safety Fund Act to require the State Treasurer to credit the Health and Safety Fund with the portion of proceeds from the cigarette excise tax authorized to be deposited into the Fund under the Tobacco Products Tax Act.

Senate Bill 722 would amend Public Act 244 of 1999, which requires tobacco product manufacturers to place funds in escrow for medical expenses incurred by the State due to tobacco-related illnesses, to modify references to the Tobacco Products Tax Act to be consistent with the amendments proposed under Senate Bill 720.

Senate Bill 721 is tie-barred to Senate Bill 720.

MCL 205.422 et al. (S.B. 720)
141.473 (S.B. 721)
445.2051 & 445.2052 (S.B. 722)

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bills likely would have a minimal effect on revenue. The provisions regarding the taxes levied and the distribution of tax revenue are technical changes that would simplify the current language and would not alter the levy nor its distribution across different funds. Almost all of the remaining provisions in the bill would refine current provisions determining who is liable for taxes, securing stamps, and enforcement provisions. As such, any impact on revenue from those refinements likely would be minimal.

Date Completed: 1-25-22

Fiscal Analyst: David Zin