

**[No. 489]**

**(SB 882)**

AN ACT to create certain funds; to provide for the operation, investment, and expenditure of certain funds; and to impose certain duties and requirements on certain state officials.

*The People of the State of Michigan enact:*

**12.251 Short title. [M.S.A. 3.118(1)]**

Sec. 1. This act shall be known and may be cited as the "Michigan trust fund act".

**12.252 Definitions. [M.S.A. 3.118(2)]**

Sec. 2. As used in this act:

(a) "Medicaid benefits trust fund" means the Michigan medicaid benefits trust fund established in section 5.

(b) "Medicaid program" means a program for medical assistance established under title XIX of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396f, 1396g-1 to 1396r-6, and 1396r-8 to 1396v.

(c) "Medicaid special financing payments" means the medicaid special adjustor payments each year authorized in the department of community health appropriations act.

(d) "Tobacco settlement revenue" means money received by this state that is attributable to the master settlement agreement incorporated into a consent decree and final judgment entered into on December 7, 1998 in Kelly Ex Rel. Michigan v Philip Morris Incorporated, et al., Ingham county circuit court, docket no. 96-84281CZ.

(e) "Tobacco settlement trust fund" means the Michigan tobacco settlement trust fund established in section 3.

**12.253 Michigan tobacco settlement trust fund. [M.S.A. 3.118(3)]**

Sec. 3. (1) The Michigan tobacco settlement trust fund is established in the department of treasury. The tobacco settlement trust fund shall consist only of interest and earnings from the tobacco settlement trust fund investments, donations of money made to the tobacco settlement trust fund from any source, and the following percentages of tobacco settlement revenue:

(a) Seventy percent of the tobacco settlement revenue received in fiscal year 1999-2000.

(b) Fifty percent of the tobacco settlement revenue received in fiscal year 2000-2001.

(c) Twenty-five percent of the tobacco settlement revenue received in fiscal year 2001-2002 and each subsequent fiscal year.

(2) The state treasurer shall direct the investment of the tobacco settlement trust fund.

**12.254 Expenditure of tobacco settlement trust fund revenues. [M.S.A. 3.118(4)]**

Sec. 4. The legislature shall authorize the expenditure of tobacco settlement trust fund revenues through an appropriation act.

**12.255 Michigan medicaid benefits trust fund. [M.S.A. 3.118(5)]**

Sec. 5. (1) The Michigan medicaid benefits trust fund is established in the department of treasury. The medicaid benefits trust fund shall consist only of the following:

(a) Interest and earnings from medicaid benefits trust fund investments.

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(b) Donations of money made to the medicaid benefits trust fund from any source.

(c) Unexpended state restricted revenues and local revenues received by the department of community health as a result of additional medicaid special financing payments above the level assumed in the appropriations for the fiscal years 2000, 2001, and 2002.

(2) The state budget director shall provide a report to the senate, the house of representatives, and the senate and house fiscal agencies 10 days after the issuance of the comprehensive annual financial report of each year that details the amount of funds that are being transferred to the medicaid benefits trust fund. The report shall also identify the amount of medicaid benefits trust fund investment earnings, expenditures, and the medicaid benefits trust fund balance during the last completed fiscal year.

(3) The state treasurer shall direct the investment of the medicaid benefits trust fund.

(4) Money in the medicaid benefits trust fund at the close of a fiscal year shall remain in the medicaid benefits trust fund and shall not revert to the general fund.

### **12.256 Expenditure of medicaid benefits trust fund revenues. [M.S.A. 3.118(6)]**

Sec. 6. The legislature shall authorize the expenditure of medicaid benefits trust fund revenues through an appropriation act only for 1 or more of the following purposes:

(a) To finance a shortfall in the medicaid program due to a disallowance of medicaid payments from the federal government.

(b) To offset any decline in revenue caused by federal medicaid policy changes.

This act is ordered to take immediate effect.

Approved January 10, 2001.

Filed with Secretary of State January 11, 2001.

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