

SENATE BILL NO. 781

February 05, 2020, Introduced by Senator ANANICH and referred to the Committee on Regulatory Reform.

A bill to amend 1993 PA 327, entitled
"Tobacco products tax act,"
by amending sections 2, 7, and 12 (MCL 205.422, 205.427, and
205.432), section 2 as amended by 2012 PA 188, section 7 as amended
by 2016 PA 86, and section 12 as amended by 2018 PA 639.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 2. As used in this act:
- 2 (a) "Cigarette" means a roll for smoking made wholly or in
- 3 part of tobacco, irrespective of size or shape and irrespective of
- 4 the tobacco being flavored, adulterated, or mixed with any other

ingredient, which roll has a wrapper or cover made of paper or any other material. Cigarette does not include cigars.

(b) "Cigarette making machine" means any machine or other mechanical device which meets all of the following criteria:

(i) Is capable of being loaded with loose tobacco, cigarette tubes or cigarette papers, and any other components related to the production of cigarettes, including, but not limited to, cigarette filters.

(ii) Is designed to automatically or mechanically produce, roll, fill, dispense, or otherwise generate cigarettes.

(iii) Is commercial-grade or otherwise designed or suitable for commercial use.

(iv) Is designed to be powered or otherwise operated by a main or primary power source other than human power.

(c) "Commissioner" means the state treasurer.

(d) "Consumable material" means any liquid nicotine solution that is depleted as an electronic smoking device is used.

(e) ~~(d)~~—"Counterfeit cigarette" means a cigarette in an individual package of cigarettes or other container with a false manufacturing label or a cigarette in an individual package of cigarettes or other container with a counterfeit stamp.

(f) ~~(e)~~—"Counterfeit cigarette paper" means a cigarette paper with a false manufacturing label or that has not been printed, manufactured, or made by authority of the trademark owner.

(g) ~~(f)~~—"Counterfeit stamp" means any stamp, label, or print, indicium, or character, that evidences, or purports to evidence, the payment of any tax levied under this act and that has not been printed, manufactured, or made by authority of the department as provided in this act and has not been issued, sold, or circulated

1 by the department.

2 (h) ~~(g)~~ "Department" means the department of treasury.

3 (i) "Electronic smoking device" means any device that can be
4 used to deliver aerosolized or vaporized consumable material to the
5 person inhaling from the device, including, but not limited to, an
6 e-cigarette, e-cigar, e-pipe, vape pen, or e-hookah. Electronic
7 smoking device includes any component, part, or accessory of the
8 device, whether or not sold separately, and includes any consumable
9 material intended to be aerosolized or vaporized during the use of
10 the device. Electronic smoking device does not include any battery
11 or battery charger when sold separately. In addition, electronic
12 smoking device does not include drugs, devices, or combination
13 products authorized for sale as tobacco cessation products by the
14 United States Food and Drug Administration, as those terms are
15 defined under subchapter V of the federal food, drug, and cosmetic
16 act, 21 USC 351 to 360fff-7.

17 (j) ~~(h)~~ "Financially sound" means a determination by the
18 department that the wholesaler or unclassified acquirer is able to
19 pay for its stamps in the ordinary course of business based on
20 criteria including, but not limited to, all of the following:

21 (i) Past filing and payment history with the department.

22 (ii) Outstanding liabilities.

23 (iii) Review of current financial statements including, but not
24 limited to, balance sheets and income statements.

25 (iv) Duration that the wholesaler or unclassified acquirer has
26 been licensed under this act.

27 (k) ~~(i)~~ "Gray market cigarette" means any cigarette the
28 package of which bears any statement, label, stamp, sticker, or
29 notice indicating that the manufacturer did not intend the

1 cigarettes to be sold, distributed, or used in the United States,
2 including, but not limited to, a label stating "For Export Only",
3 "U.S. Tax Exempt", "For Use Outside U.S.", or similar wording.

4 (l) ~~(j)~~—"Gray market cigarette paper" means any cigarette paper
5 the package of which bears any statement, label, stamp, sticker, or
6 notice indicating that the manufacturer did not intend the
7 cigarette papers to be sold, distributed, or used in the United
8 States, including, but not limited to, a label stating "For Export
9 Only", "U.S. Tax Exempt", "For Use Outside U.S.", "For Use in
10 _____ (another country) Only", or similar wording.

11 (m) ~~(k)~~—"Individual package" means an individual packet or
12 pack used to contain or to convey cigarettes to the consumer.
13 Individual package does not include cartons, cases, or shipping or
14 storage containers that contain smaller packaging units of
15 cigarettes.

16 (n) ~~(l)~~—"Licensee" means a person licensed under this act.

17 (o) ~~(m)~~—"Manufacturer" means any of the following:

18 (i) A person who manufactures or produces a tobacco product.

19 (ii) A person who operates or who permits any other person to
20 operate a cigarette making machine in this state for the purpose of
21 producing, filling, rolling, dispensing, or otherwise generating
22 cigarettes. A person who is a manufacturer under this subparagraph
23 shall constitute a nonparticipating manufacturer for purposes of
24 sections 6c and 6d. A person who operates or otherwise uses a
25 machine or other mechanical device, other than a cigarette making
26 machine, to produce, roll, fill, dispense, or otherwise generate
27 cigarettes shall not be considered a manufacturer as long as the
28 cigarettes are produced or otherwise generated in that person's
29 dwelling and for that person's self-consumption. For purposes of

1 this act, "self-consumption" means production for personal
2 consumption or use and not for sale, resale, or any other profit-
3 making endeavor.

4 (p) ~~(n)~~—"Noncigarette smoking tobacco" means tobacco sold in
5 loose or bulk form that is intended for consumption by smoking and
6 includes roll-your-own cigarette tobacco.

7 (q) ~~(o)~~—"Person" means an individual, partnership, fiduciary,
8 association, limited liability company, corporation, or other legal
9 entity.

10 (r) ~~(p)~~—"Place of business" means a place where a tobacco
11 product is sold or where a tobacco product is brought or kept for
12 the purpose of sale or consumption, including a vessel, airplane,
13 train, or vending machine.

14 (s) ~~(q)~~—"Retailer" means a person other than a transportation
15 company who operates a place of business for the purpose of making
16 sales of a tobacco product at retail.

17 (t) ~~(r)~~—"Sale" means a transaction by which the ownership of
18 tangible personal property is transferred for consideration and
19 applies also to use, gifts, exchanges, barter, and theft.

20 (u) ~~(s)~~—"Secondary wholesaler" means a person who sells a
21 tobacco product for resale, who purchases a tobacco product from a
22 wholesaler or unclassified acquirer licensed under this act, and
23 who maintains an established place of business in this state where
24 a substantial portion of the business is the sale of tobacco
25 products and related merchandise at wholesale, and where at all
26 times a substantial stock of tobacco products and related
27 merchandise is available to retailers for resale.

28 (v) ~~(t)~~—"Smokeless tobacco" means snuff, chewing tobacco, and
29 any other tobacco that is intended to be consumed by means other

1 than smoking.

2 **(w)** ~~(u)~~—"Stamp" means a distinctive character, indication, or
3 mark, as determined by the department, attached or affixed to an
4 individual package of cigarettes by mechanical device or other
5 means authorized by the department to indicate that the tax imposed
6 under this act has been paid.

7 **(x)** ~~(v)~~—"Stamping agent" means a wholesaler or unclassified
8 acquirer other than a manufacturer who is licensed and authorized
9 by the department to affix stamps to individual packages of
10 cigarettes on behalf of themselves and other wholesalers or
11 unclassified acquirers other than manufacturers.

12 **(y)** ~~(w)~~—"Tobacco product" means cigarettes, cigars,
13 noncigarette smoking tobacco, or smokeless tobacco. **Beginning**
14 **January 1, 2021, tobacco product includes consumable material.**

15 **(z)** ~~(x)~~—"Transportation company" means a person operating, or
16 supplying to common carriers, cars, boats, or other vehicles for
17 the transportation or accommodation of passengers and engaged in
18 the sale of a tobacco product at retail.

19 **(aa)** ~~(y)~~—"Transporter" means a person importing or
20 transporting into this state, or transporting in this state, a
21 tobacco product obtained from a source located outside this state,
22 or from any person not duly licensed under this act. Transporter
23 does not include an interstate commerce carrier licensed by the
24 interstate commerce commission to carry commodities in interstate
25 commerce, or a licensee maintaining a warehouse or place of
26 business outside of this state if the warehouse or place of
27 business is licensed under this act.

28 **(bb)** ~~(z)~~—"Unclassified acquirer" means a person, except a
29 transportation company or a purchaser at retail from a retailer

1 licensed under the general sales tax act, 1933 PA 167, MCL 205.51
2 to 205.78, who imports or acquires a tobacco product from a source
3 other than a wholesaler or secondary wholesaler licensed under this
4 act for use, sale, or distribution. Unclassified acquirer also
5 means a person who receives cigars, noncigarette smoking tobacco,
6 or smokeless tobacco directly from a manufacturer licensed under
7 this act or from another source outside this state, which source is
8 not licensed under this act. An unclassified acquirer does not
9 include a wholesaler.

10 (cc) ~~(aa)~~ "Vending machine operator" means a person who
11 operates 1 or more vending machines for the sale of a tobacco
12 product and who purchases a tobacco product from a manufacturer,
13 licensed wholesaler, or secondary wholesaler.

14 (dd) ~~(bb)~~ "Wholesale price" means the actual price paid for a
15 tobacco product, including any tax, by a wholesaler or unclassified
16 acquirer to a manufacturer, excluding any discounts or reductions.

17 (ee) ~~(cc)~~ "Wholesaler" means a person who purchases all or
18 part of his or her tobacco products from a manufacturer, who sells
19 75% or more of those tobacco products to others for resale, and who
20 maintains an established business where substantially all of the
21 business is the sale of tobacco products or cigarettes and related
22 merchandise at wholesale and where at all times a substantial stock
23 of tobacco products and related merchandise is available to
24 retailers for resale. Wholesaler includes a chain of stores
25 retailing a tobacco product to the consumer if 75% of its stock of
26 tobacco products is purchased directly from the manufacturer.

27 Sec. 7. (1) Beginning May 1, 1994, a tax is levied on the sale
28 of tobacco products sold in this state as follows:

29 (a) Through July 31, 2002, for cigars, noncigarette smoking

1 tobacco, and smokeless tobacco, 16% of the wholesale price.

2 (b) For cigarettes, 37.5 mills per cigarette.

3 (c) Beginning August 1, 2002, for cigarettes, in addition to
4 the tax levied in subdivision (b), an additional 15 mills per
5 cigarette.

6 (d) Beginning August 1, 2002, for cigarettes, in addition to
7 the tax levied in subdivisions (b) and (c), an additional 10 mills
8 per cigarette.

9 (e) Beginning July 1, 2004, for cigarettes, in addition to the
10 tax levied in subdivisions (b), (c), and (d), an additional 37.5
11 mills per cigarette.

12 (f) Beginning August 1, 2002 and through June 30, 2004, for
13 cigars, noncigarette smoking tobacco, and smokeless tobacco, 20% of
14 the wholesale price.

15 (g) Beginning July 1, 2004, for cigars, noncigarette smoking
16 tobacco, and smokeless tobacco, **excluding consumable material**, 32%
17 of the wholesale price. However, beginning November 1, 2012 and
18 through October 31, 2021, the amount of tax levied under this
19 subdivision on cigars shall not exceed 50 cents per individual
20 cigar.

21 **(h) Beginning January 1, 2021, for consumable materials, 24%**
22 **of the wholesale price.**

23 (2) On or before the twentieth day of each calendar month,
24 every licensee under section 3 other than a retailer, unclassified
25 acquirer licensed as a manufacturer, or vending machine operator
26 shall file a return with the department stating the wholesale price
27 of each tobacco product other than cigarettes purchased, the
28 quantity of cigarettes purchased, the wholesale price charged for
29 all tobacco products other than cigarettes sold, the number of

1 individual packages of cigarettes and the number of cigarettes in
2 those individual packages, and the number and denominations of
3 stamps affixed to individual packages of cigarettes sold by the
4 licensee for each place of business in the preceding calendar
5 month. The return ~~shall~~**must** also include the number and
6 denomination of unaffixed stamps in the possession of the licensee
7 at the end of the preceding calendar month. Wholesalers shall also
8 report accurate inventories of cigarettes, both stamped and
9 unstamped at the end of the preceding calendar month. Wholesalers
10 and unclassified acquirers shall also report accurate inventories
11 of affixed and unaffixed stamps by denomination at the beginning
12 and end of each calendar month and all stamps acquired during the
13 preceding calendar month. The return ~~shall~~**must** be signed under
14 penalty of perjury. The return ~~shall~~**must** be on a form prescribed
15 by the department and shall contain or be accompanied by any
16 further information the department requires. The department may
17 also require licensees to report cigarette acquisition, purchase,
18 and sales information in other formats and frequency.

19 (3) To cover the cost of expenses incurred in the
20 administration of this act, at the time of the filing of the
21 return, the licensee shall pay to the department the tax levied in
22 subsection (1) for tobacco products sold during the calendar month
23 covered by the return, less compensation equal to the following:

24 (a) One percent of the total amount of the tax due on tobacco
25 products sold other than cigarettes.

26 (b) Through July 31, 2002, 1.25% of the total amount of the
27 tax due on cigarettes sold.

28 (c) Beginning August 1, 2002, 1.5% of the total amount of the
29 tax due on cigarettes sold and, beginning on June 20, 2012, for

1 sales of untaxed cigarettes to Indian tribes in this state, an
2 amount equal to 1.5% of the total amount of the tax due on those
3 cigarettes sold as if those cigarette sales were taxable sales
4 under this act.

5 (d) Beginning on the first calendar month following the
6 implementation of the use of digital stamps as provided in section
7 5a(2), for licensees who are stamping agents, 0.5% of the total
8 amount of the tax due on cigarettes sold and, for sales of untaxed
9 cigarettes to Indian tribes in this state, 0.5% of the total amount
10 of the tax due on those cigarettes sold as if those cigarette sales
11 were taxable sales under this act, until the stamping agent is
12 compensated in an amount equal to the direct cost actually incurred
13 by the stamping agent for the purchase of upgrades to technology
14 and equipment, excluding the equipment reimbursed under subdivision
15 (e), that are necessary to affix the digital stamp as determined by
16 the department. Compensation under this subdivision may also be
17 claimed by a stamping agent for the direct costs actually incurred
18 by the stamping agent, as determined by the department and
19 reflected in the net purchase price, for the initial and 1-time
20 purchase of case packers or similar machines or conveyors as
21 follows:

22 (i) Case packers or similar machines to be used exclusively to
23 repack cigarette cartons into case boxes after digital stamps have
24 been applied by eligible equipment to the individual packages of
25 cigarettes contained within those cigarette cartons. Compensation
26 under this subparagraph may only be claimed by a stamping agent if
27 the case packers or similar machines are in addition to, and not a
28 replacement for, 1 or more case packers or similar machines used in
29 connection with cigarette stamping machines which do not use the

1 digital stamp authorized under this act.

2 (ii) Conveyors to be used exclusively for that portion of a
3 cigarette stamping line that is necessary for and dedicated to
4 cigarette stamping operations using eligible equipment to affix
5 digital stamps to individual packages of cigarettes to be sold in
6 this state. Compensation under this subparagraph may only be
7 claimed by a stamping agent if the cigarette stamping line served
8 by the conveyors is in addition to 1 or more distinct and existing
9 cigarette stamping lines using stamping machines which do not use
10 the digital stamp authorized under this act and that compensation
11 shall not exceed a total of 50% of the amount reimbursed under
12 subdivision (e) for any particular stamping agent.

13 (iii) Compensation under subparagraphs (i) and (ii) shall also
14 include any applicable sales or use taxes paid, and shipping and
15 crating charges actually incurred, by the stamping agent in
16 connection with the purchase, but shall exclude any other costs
17 incurred by the stamping agent not otherwise expressly provided for
18 in this subdivision, including, but not limited to, charges for
19 installation and ongoing maintenance.

20 (e) Beginning in the first calendar month following the
21 implementation of the use of digital stamps as provided in section
22 5a(2) and continuing for the immediately succeeding 17 months, for
23 licensees who are stamping agents, reimbursement of direct costs
24 actually incurred by the stamping agent, as determined by the
25 department, for the initial purchase of eligible equipment in an
26 amount equal to 5.55% of the total net purchase price of the
27 eligible equipment necessary to affix the digital stamp. The
28 reimbursement provided under this subdivision shall also include
29 reimbursement for any applicable sales or use taxes paid and

1 shipping and crating charges actually incurred by the stamping
2 agent for the initial purchase of eligible equipment, but shall
3 exclude reimbursement for any other costs incurred by the stamping
4 agent not otherwise expressly provided for in this subdivision,
5 including, but not limited to, charges for installation and ongoing
6 maintenance related to eligible equipment. A stamping agent may
7 only receive reimbursement under this subdivision to the extent
8 that the eligible equipment purchased by the stamping agent does
9 not exceed the total number of the stamping agent's existing
10 equipment as certified by the stamping agent on a form prescribed
11 by the department.

12 (f) Beginning in the first calendar month following the
13 implementation of the use of digital stamps as provided in section
14 5a(2), for licensees who are stamping agents, reimbursement of
15 qualified equipment costs actually incurred by the stamping agent,
16 not otherwise compensated or reimbursed under subdivision (d) or
17 (e), as determined by the department. The reimbursement provided
18 under this subdivision shall not exceed \$60,000.00 for all stamping
19 agents combined.

20 (4) Every licensee and retailer who, on August 1, 2002, has on
21 hand for sale any cigarettes upon which a tax has been paid
22 pursuant to subsection (1)(b) shall file a complete inventory of
23 those cigarettes before September 1, 2002 and shall pay to the
24 department at the time of filing this inventory a tax equal to the
25 difference between the tax imposed in subsection (1)(b), (c), and
26 (d) and the tax that has been paid under subsection (1)(b). Every
27 licensee and retailer who, on August 1, 2002, has on hand for sale
28 any cigars, noncigarette smoking tobacco, or smokeless tobacco upon
29 which a tax has been paid pursuant to subsection (1)(a) shall file

1 a complete inventory of those cigars, noncigarette smoking tobacco,
2 and smokeless tobacco before September 1, 2002 and shall pay to the
3 department at the time of filing this inventory a tax equal to the
4 difference between the tax imposed in subsection (1)(f) and the tax
5 that has been paid under subsection (1)(a).

6 (5) Every licensee and retailer who, on July 1, 2004, has on
7 hand for sale any cigarettes upon which a tax has been paid
8 pursuant to subsection (1)(b), (c), and (d) shall file a complete
9 inventory of those cigarettes before August 1, 2004 and shall pay
10 to the department at the time of filing this inventory a tax equal
11 to the difference between the tax imposed in subsection (1)(b),
12 (c), (d), and (e) and the tax that has been paid under subsection
13 (1)(b), (c), and (d). Every licensee and retailer who, on July 1,
14 2004, has on hand for sale any cigars, noncigarette smoking
15 tobacco, or smokeless tobacco upon which a tax has been paid
16 pursuant to subsection (1)(f) shall file a complete inventory of
17 those cigars, noncigarette smoking tobacco, and smokeless tobacco
18 before August 1, 2004 and shall pay to the department at the time
19 of filing this inventory a tax equal to the difference between the
20 tax imposed in subsection (1)(g) and the tax that has been paid
21 under subsection (1)(f). The proceeds derived under this subsection
22 shall be credited to the Michigan Medicaid benefits trust fund
23 created under section 5 of the Michigan trust fund act, 2000 PA
24 489, MCL 12.255.

25 (6) Every licensee and retailer who, on January 1, 2021, has
26 on hand for sale any consumable materials shall file a complete
27 inventory of those consumable materials before February 1, 2021 to
28 the department. A tax is not imposed on the consumable materials
29 described in the complete inventory filed with the department.

1 (7) ~~(6)~~—The department may require the payment of the tax
2 imposed by this act upon the importation or acquisition of a
3 tobacco product. A tobacco product for which the tax under this act
4 has once been imposed and that has not been refunded if paid is not
5 subject upon a subsequent sale to the tax imposed by this act.

6 (8) ~~(7)~~—An abatement or refund of the tax provided by this act
7 may be made by the department for causes the department considers
8 expedient. The department shall certify the amount and the state
9 treasurer shall pay that amount out of the proceeds of the tax.

10 (9) ~~(8)~~—A person liable for the tax may reimburse itself by
11 adding to the price of the tobacco products an amount equal to the
12 tax levied under this act.

13 (10) ~~(9)~~—A wholesaler, unclassified acquirer, or other person
14 shall not sell or transfer any unaffixed stamps acquired by the
15 wholesaler or unclassified acquirer from the department. A
16 wholesaler or unclassified acquirer who has any unaffixed stamps on
17 hand at the time its license is revoked or expires, or at the time
18 it discontinues the business of selling cigarettes, shall return
19 those stamps to the department. The department shall refund the
20 value of the stamps, less the appropriate discount paid.

21 (11) ~~(10)~~—If the wholesaler or unclassified acquirer has
22 unsalable packs returned from a retailer, secondary wholesaler,
23 vending machine operator, wholesaler, or unclassified acquirer with
24 stamps affixed, the department shall refund the amount of the tax
25 less the appropriate discount paid. If the wholesaler or
26 unclassified acquirer has unaffixed unsalable stamps, the
27 department shall exchange with the wholesaler or unclassified
28 acquirer new stamps in the same quantity as the unaffixed unsalable
29 stamps. An application for refund of the tax shall be filed on a

1 form prescribed by the department for that purpose, within 4 years
2 from the date the stamps were originally acquired from the
3 department. A wholesaler or unclassified acquirer shall make
4 available for inspection by the department the unused or spoiled
5 stamps and the stamps affixed to unsalable individual packages of
6 cigarettes. The department may, at its own discretion, witness and
7 certify the destruction of the unused or spoiled stamps and
8 unsalable individual packages of cigarettes that are not returnable
9 to the manufacturer. The wholesaler or unclassified acquirer shall
10 provide certification from the manufacturer for any unsalable
11 individual packages of cigarettes that are returned to the
12 manufacturer.

13 **(12)** ~~(11)~~—On or before the twentieth of each month, each
14 manufacturer shall file a report with the department listing all
15 sales of tobacco products to wholesalers and unclassified acquirers
16 during the preceding calendar month and any other information the
17 department finds necessary for the administration of this act. This
18 report shall be in the form and manner specified by the department.

19 **(13)** ~~(12)~~—Each wholesaler or unclassified acquirer shall
20 submit to the department an unstamped cigarette sales report on or
21 before the twentieth day of each month covering the sale, delivery,
22 or distribution of unstamped cigarettes during the preceding
23 calendar month to points outside of this state. A separate schedule
24 shall be filed for each state, country, or province into which
25 shipments are made. For purposes of the report described in this
26 subsection, "unstamped cigarettes" means individual packages of
27 cigarettes that do not bear a Michigan stamp. The department may
28 provide the information contained in this report to a proper
29 officer of another state, country, or province reciprocating in

1 this privilege.

2 (14) ~~(13)~~—As used in subsection (3):

3 (a) "Eligible equipment" means a cigarette tax stamping
4 machine that meets all of the following conditions:

5 (i) Was purchased by a stamping agent who was licensed as a
6 stamping agent as of December 31, 2011.

7 (ii) Enables the stamping agent to affix digital stamps to
8 individual packages of cigarettes in accordance with the
9 requirements under section 6a(2).

10 (iii) Was purchased to be used for the primary purpose of
11 permitting the stamping agent to affix digital stamps to individual
12 packages of cigarettes to be sold in this state following the
13 implementation of the use of digital stamps as provided in section
14 5a(2).

15 (b) "Existing equipment" means a cigarette tax stamping
16 machine that meets all of the following conditions:

17 (i) Was owned by a person who was licensed as a stamping agent
18 as of December 31, 2011.

19 (ii) Was a cigarette tax stamping machine used prior to January
20 1, 2012 by the stamping agent to apply stamps using stamp rolls of
21 30,000 stamps.

22 (c) "Qualified equipment" means equipment that was placed in
23 service by a stamping agent that included conveyors and additional
24 associated electrical line and compressed air line before August
25 15, 2014 in connection with the implementation of a digital
26 stamping line under a pilot program with the department as
27 determined by the department. Qualified equipment does not include
28 the cost of installation of a conveyor.

29 Sec. 12. (1) The proceeds derived from the payment of taxes,

1 fees, and penalties provided for under this act and the license
2 fees received by the department shall be deposited with the state
3 treasurer and disbursed only as provided in this section and
4 section 7(5). However, before a distribution of funds is made under
5 this section, subject to appropriation, the funds described in this
6 section may be used by the department, the attorney general, and
7 the department of state police for enforcement and administration
8 of this act.

9 (2) The tax imposed under section 7(1)(a) shall be disbursed
10 as follows:

11 (a) 94% of the proceeds shall be credited to the state school
12 aid fund established by section 11 of article IX of the state
13 constitution of 1963.

14 (b) 6% of the proceeds shall be credited to the Healthy
15 Michigan fund created under section 5953 of the public health code,
16 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described
17 in this subdivision that are used for smoking prevention programs
18 shall be used by the department of health and human services to
19 expand the free smokers quit kit program to include the nicotine
20 patch or nicotine gum.

21 (3) The tax imposed on cigarettes under section 7(1)(b) shall
22 be disbursed as follows:

23 (a) Beginning May 1, 1994 and through June 30, 2004, 5.3% of
24 the proceeds shall be credited to the health and safety fund
25 created in the health and safety fund act, 1987 PA 264, MCL 141.471
26 to 141.479.

27 (b) Beginning July 1, 2004, 6.5% of the proceeds shall be
28 credited to the health and safety fund created in the health and
29 safety fund act, 1987 PA 264, MCL 141.471 to 141.479.

1 (c) Through June 30, 2004, 25.3% of the proceeds shall be
2 credited to the general fund of this state.

3 (d) Beginning July 1, 2004 and through September 30, 2014,
4 24.1% of the proceeds shall be credited to the general fund of this
5 state.

6 (e) 63.4% of the proceeds shall be credited to the state
7 school aid fund established by section 11 of article IX of the
8 state constitution of 1963.

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

16 (g) Beginning October 1, 2014, 24.1% of the proceeds shall be
17 disbursed as follows:

18 (i) For the 2014-2015 fiscal year and each subsequent fiscal
19 year, \$3,000,000.00 to the Michigan state capitol historic site
20 fund created in section 7 of the Michigan state capitol historic
21 site act, 2013 PA 240, MCL 4.1947. For the 2015-2016 fiscal year
22 and each subsequent fiscal year, the state treasurer shall adjust
23 the figure described in this subparagraph by an amount determined
24 by the state treasurer at the end of each calendar year to reflect
25 the cumulative annual percentage change in the ~~consumer price~~
26 ~~index.~~ **Consumer Price Index.** Beginning for the 2015-2016 fiscal
27 year and each subsequent fiscal year, if the cumulative annual
28 percentage change in the ~~consumer price index~~ **Consumer Price Index**
29 is negative, then the adjustment for that fiscal year is zero. As

1 used in this subsection, ~~"consumer price index"~~ **"Consumer Price**
2 **Index"** means the most comprehensive index of consumer prices
3 available for this state from the Bureau of Labor Statistics of the
4 United States Department of Labor. From the funds described in this
5 subparagraph, not later than February 1 of each year, the Michigan
6 state capitol commission created in section 5 of the Michigan state
7 capitol historic site act, 2013 PA 240, MCL 4.1945, shall report to
8 the chairpersons of the house and senate appropriations committees.
9 The report ~~shall~~ **must** contain all of the following:

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

12 (B) The projected 5-year maintenance plan for the Michigan
13 State Capitol Historical Site for the immediately following 5
14 fiscal years.

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

17 (ii) The remaining proceeds shall be credited to the general
18 fund of this state.

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

21 (a) Through June 30, 2004, 74.2%, and beginning July 1, 2004,
22 9.0% of the proceeds shall be credited to the general fund of this
23 state.

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

28 (c) 6.0% of the proceeds shall be credited to the Healthy
29 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) 18.4% of the proceeds shall be credited to the general
27 fund of this state.

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

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

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

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

13 (a) Beginning July 1, 2004 and through September 30, 2005,
14 100% of the proceeds shall be credited to the Michigan Medicaid
15 benefits trust fund created under section 5 of the Michigan trust
16 fund act, 2000 PA 489, MCL 12.255.

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

20 (c) Beginning October 1, 2005, 25.0% of the proceeds shall be
21 credited to the general fund of this state.

22 (8) Beginning July 1, 2004, the tax imposed under section
23 7(1)(g) shall be disbursed as follows:

24 (a) Beginning July 1, 2004 and through September 30, 2005,
25 100% of the proceeds shall be credited to the Michigan Medicaid
26 benefits trust fund created under section 5 of the Michigan trust
27 fund act, 2000 PA 489, MCL 12.255.

28 (b) Beginning October 1, 2005, 75.0% of the proceeds shall be
29 credited to the Michigan Medicaid benefits trust fund created under

1 section 5 of the Michigan trust fund act, 2000 PA 489, MCL 12.255.

2 (c) Beginning October 1, 2005, 25.0% of the proceeds shall be
3 credited to the general fund of this state.

4 **(9) The tax imposed under section 7(1)(h) shall be credited to**
5 **the general fund of this state.**

6 **(10) ~~(9)~~**—The proceeds of the fees and penalties provided for
7 in this act shall be used for the administration of this act.

8 Enacting section 1. This amendatory act does not take effect
9 unless all of the following bills of the 100th Legislature are
10 enacted into law:

11 (a) Senate Bill No. 782.

12
13 (b) Senate Bill No. 783.

14
15 (c) Senate Bill No. 784.