

HOUSE BILL No. 4967

July 12, 1989, Introduced by Rep. Bryant and referred to the Committee on Taxation.

A bill to amend sections 7a and 20 of Act No. 265 of the Public Acts of 1947, entitled as amended

"An act to impose an excise and specific tax upon the sale and distribution of cigarettes; to regulate and license manufacturers, wholesalers, vending machine operators, unclassified acquirers, transportation companies, transporters and retailers thereof, as herein defined; to prescribe the powers and duties of the Michigan department of treasury, revenue division with respect thereto; to provide for the collection of such tax and the disposition thereof; to create the working capital reserve account in the state general fund in the state treasury into which certain collections are deposited and to regulate appropriations of these collections from this account; to provide for the enforcement of this act; to provide for the appointment of special investigators as peace officers for the enforcement of this act; to make an appropriation; and to prescribe penalties for the violation of this act,"

section 7a as added and section 20 as amended by Act No. 219 of the Public Acts of 1987, being sections 205.507a and 205.520 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 7a and 20 of Act No. 265 of the Public
2 Acts of 1947, section 7a as added and section 20 as amended by
3 Act No. 219 of the Public Acts of 1987, being sections 205.507a
4 and 205.520 of the Michigan Compiled Laws, are amended to read as
5 follows:

6 Sec. 7a. (1) Effective ~~January 1, 1988~~ OCTOBER 1, 1989,
7 the tax imposed pursuant to section 7(2) and (3) for each ciga-
8 rette sold in this state shall be increased by ~~2~~ 4.5 mills to
9 ~~+2.5~~ 15.0 mills.

10 (2) If a licensee or retailer has on hand for sale, on ~~the~~
11 ~~date the increased tax rate specified by subsection (1) is~~
12 ~~effective~~ OCTOBER 1, 1989, any cigarettes upon which a tax of
13 ~~+0.5~~ 12.5 mills has been paid, the licensee or retailer shall
14 file a complete inventory of those cigarettes within 20 days and
15 shall pay to the department at the time of the filing of the
16 inventory a tax computed at the rate of ~~2~~ 2.5 mills for each of
17 those cigarettes. All pertinent provisions of this act relative
18 to the collection, verification, and administration of the tax
19 imposed by section 7(2) ~~shall be applicable~~ APPLY to the tax
20 imposed by this subsection.

21 (3) The proceeds of .5 mills of the tax shall be distributed
22 to city, district, and county health departments created pursuant
23 to sections 2413, 2415, and 2421 of the public health code, Act
24 No. 368 of the Public Acts of 1978, being sections 333.2413,
25 333.2415, and 333.2421 of the Michigan Compiled Laws, on a per
26 capita basis according to the most recent federal decennial
27 census. The distribution under this subdivision shall be used

1 only for public health prevention programs and services. This
2 distribution is in addition to and is not intended as a replace-
3 ment for any other state payments to these health departments.

4 Sec. 20. (1) The proceeds derived from the payment of
5 taxes, fees, and penalties provided for under this act and the
6 license fees received by the department shall be deposited with
7 the state treasurer.

8 (2) The proceeds of 1 mill of the tax shall be credited to
9 the state school aid fund established by section 11 of article IX
10 of the state constitution of 1963. THE PROCEEDS OF 2.5 MILLS OF
11 THE TAX IMPOSED UNDER SECTION 7A(1) AND (2) SHALL BE DEPOSITED IN
12 THE STATE SCHOOL AID FUND AND CREDITED TO THE SESQUICENTENNIAL
13 SCHOOL IMPROVEMENT PROCESS COMMITMENT TO EDUCATION ACCOUNT ESTAB-
14 LISHED IN SECTION 11 OF THE STATE SCHOOL AID ACT OF 1979, ACT
15 NO. 94 OF THE PUBLIC ACTS OF 1979, BEING SECTION 388.1611 OF THE
16 MICHIGAN COMPILED LAWS. THE PROCEEDS OF 2 MILLS OF THE TAX
17 IMPOSED UNDER SECTION 7A(1) AND (2) SHALL BE DEPOSITED IN THE
18 HEALTH AND SAFETY FUND CREATED IN THE HEALTH AND SAFETY FUND ACT,
19 ACT NO. 264 OF THE PUBLIC ACTS OF 1987, BEING SECTIONS 141.471 TO
20 141.479 OF THE MICHIGAN COMPILED LAWS. The balance of the pro-
21 ceeds from the tax imposed pursuant to section 7(2) shall be
22 credited to the general fund.

23 (3) The collections each fiscal year from the imposition of
24 the tax under section 7(3) and (7) shall be deposited in a work-
25 ing capital reserve account of the state general fund hereby cre-
26 ated in the state treasury. Collections deposited in the working
27 capital reserve account in the state general fund shall not be

1 appropriated until the state fiscal year in which the following
2 applicable conditions occur:

3 (a) The accounting procedures of the state are revised to
4 provide for the accrual of personal income tax refund liabilities
5 for an income tax year to those periods to which the personal
6 income tax revenues for the income tax year are accrued.

7 (b) For purposes of the first transfer from the working cap-
8 ital reserve account in the general fund, an amount equal to the
9 personal income tax refund liabilities newly accrued pursuant to
10 the revision in accounting procedures under subdivision (a) has
11 been accumulated in the working capital reserve account in the
12 general fund.

13 ~~-(4) The collections each fiscal year from the imposition of~~
14 ~~the tax under section 7a(1) and (2) shall be deposited in the~~
15 ~~health and safety fund created in the health and safety fund~~
16 ~~act.~~

17 Section 2. This amendatory act shall not take effect unless
18 all of the following bills of the 85th Legislature are enacted
19 into law:

20 (a) Senate Bill No. _____ or House Bill No. 4969 (request
21 no. 01510'89).

22 (b) Senate Bill No. _____ or House Bill No. 4968 (request
23 no. 01511'89).