

HOUSE BILL No. 5682

April 25, 1990, Introduced by Reps. Perry Bullard, Bryant, Jondahl, Emerson, DeMars, Brown, Kosteva, Gubow and Webb 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, the tax imposed
7 pursuant to section ~~7(2) and (3)~~ 7 for each cigarette sold in
8 this state shall be increased by 2 mills to 12.5 mills.

9 (2) If a licensee or retailer has on hand for sale, on the
10 date the increased tax rate specified by subsection (1) is effec-
11 tive, any cigarettes upon which a tax of 10.5 mills has been
12 paid, the licensee or retailer shall file a complete inventory of
13 those cigarettes within 20 days and shall pay to the department
14 at the time of the filing of the inventory a tax computed at the
15 rate of 2 mills for each of those cigarettes. All pertinent pro-
16 visions of this act relative to the collection, verification, and
17 administration of the tax imposed by section ~~7(2)~~ 7 shall be
18 applicable to the tax imposed by this subsection.

19 (3) ~~The proceeds of .5 mills of the tax shall be distrib-~~
20 ~~uted to city, district, and county health departments created~~
21 ~~pursuant to sections 2413, 2415, and 2421 of the public health~~
22 ~~code, Act No. 368 of the Public Acts of 1978, being sections~~
23 ~~333.2413, 333.2415, and 333.2421 of the Michigan Compiled Laws,~~
24 ~~on a per capita basis according to the most recent federal decen-~~
25 ~~nial census. The distribution under this subdivision shall be~~
26 ~~used only for public health prevention programs and services.~~
27 ~~This distribution is in addition to and is not intended as a~~

1 ~~replacement for any other state payments to these health~~
2 ~~departments.~~ EFFECTIVE JANUARY 1, 1991, THE TAX IMPOSED UNDER
3 SECTION 7 AND SUBSECTION (1) FOR EACH CIGARETTE SOLD IN THIS
4 STATE SHALL BE INCREASED BY 12.5 MILLS TO 25 MILLS.

5 (4) IF A LICENSEE OR RETAILER HAS ON HAND FOR SALE, ON THE
6 DATE THE INCREASED TAX RATE SPECIFIED BY SUBSECTION (3) IS EFFEC-
7 TIVE, ANY CIGARETTES UPON WHICH A TAX OF 12.5 MILLS HAS BEEN
8 PAID, THE LICENSEE OR RETAILER SHALL FILE A COMPLETE INVENTORY OF
9 THOSE CIGARETTES WITHIN 20 DAYS AND SHALL PAY TO THE DEPARTMENT
10 AT THE TIME OF THE FILING OF THE INVENTORY A TAX COMPUTED AT THE
11 RATE OF 12.5 MILLS FOR EACH OF THOSE CIGARETTES. ALL PERTINENT
12 PROVISIONS OF THIS ACT RELATIVE TO THE COLLECTION, VERIFICATION,
13 AND ADMINISTRATION OF THE TAX IMPOSED BY SECTION 7 SHALL BE
14 APPLICABLE TO THE TAX IMPOSED BY THIS SUBSECTION.

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

19 (2) The proceeds of 1 mill of the tax shall be credited to
20 the state school aid fund established by section 11 of article IX
21 of the state constitution of 1963. ~~The balance of the proceeds~~
22 ~~from the tax imposed pursuant to section 7(2) shall be credited~~
23 ~~to the general fund.~~

24 ~~(3) The collections each fiscal year from the imposition of~~
25 ~~the tax under section 7(3) and (7) shall be deposited in a work-~~
26 ~~ing capital reserve account of the state general fund hereby~~
27 ~~created in the state treasury. Collections deposited in the~~

~~1 working capital reserve account in the state general fund shall
2 not be appropriated until the state fiscal year in which the fol-
3 lowing applicable conditions occur:~~

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

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

14 (3) THE PROCEEDS OF 0.5 MILLS OF THE TAX IMPOSED UNDER SEC-
15 TION 7A(1) AND (2) SHALL BE DISTRIBUTED TO CITY, DISTRICT, AND
16 COUNTY HEALTH DEPARTMENTS CREATED PURSUANT TO SECTIONS 2413,
17 2415, AND 2421 OF THE PUBLIC HEALTH CODE, ACT NO. 368 OF THE
18 PUBLIC ACTS OF 1978, BEING SECTIONS 333.2413, 333.2415, AND
19 333.2421 OF THE MICHIGAN COMPILED LAWS, ON A PER CAPITA BASIS
20 ACCORDING TO THE MOST RECENT FEDERAL DECENNIAL CENSUS. THE DIS-
21 TRIBUTION UNDER THIS SUBSECTION SHALL BE USED ONLY FOR PUBLIC
22 HEALTH PREVENTION PROGRAMS AND SERVICES. THIS DISTRIBUTION IS IN
23 ADDITION TO AND IS NOT INTENDED AS A REPLACEMENT FOR ANY OTHER
24 STATE PAYMENTS TO THESE HEALTH DEPARTMENTS.

25 (4) The ~~collections~~ PROCEEDS each fiscal year from ~~the~~
26 ~~imposition of~~ the tax IMPOSED under section 7a(1) and (2) AFTER
27 THE OPERATION OF SUBSECTION (3) shall be deposited in the health

1 and safety fund created in the health and safety fund act, ACT
2 NO. 264 OF THE PUBLIC ACTS OF 1987, BEING SECTIONS 141.471 TO
3 141.479 OF THE MICHIGAN COMPILED LAWS.

4 (5) THE PROCEEDS OF THE 12.5 MILLS OF THE TAX IMPOSED UNDER
5 SECTION 7A(3) AND (4) SHALL BE DISTRIBUTED ACCORDING TO THE
6 FOLLOWING:

7 (A) ONE SIXTH SHALL BE USED ONLY FOR SUBSTANCE ABUSE TREAT-
8 MENT PROGRAMS.

9 (B) ONE SIXTH SHALL BE USED FOR THE HEALTHY START PROGRAM.

10 (C) ONE THIRD SHALL BE USED FOR AID TO INSTITUTIONS OF
11 HIGHER EDUCATION.

12 (D) ONE THIRD SHALL BE USED TO IDENTIFY AND AID STUDENTS IN
13 GRADES 1 TO 3 WHO MAY BE AT RISK OF FAILING TO COMPLETE HIGH
14 SCHOOL AS MEASURED BY THE FOLLOWING FACTORS:

15 (i) ACADEMIC PERFORMANCE.

16 (ii) ATTENDANCE.

17 (iii) DISCIPLINE PROBLEMS.

18 (iv) OTHER FACTORS AFFECTING SCHOOL PERFORMANCE, INCLUDING,
19 BUT NOT LIMITED TO, RESIDENCE IN A HOMELESS SHELTER OR TEMPORARY
20 LIVING ARRANGEMENT, SUBSTANCE ABUSE BY A PARENT OR GUARDIAN,
21 CHILD ABUSE OR NEGLECT, OR LIMITED ENGLISH PROFICIENCY.