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BILL ANALYSIS



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Senate Bill 1108 (as introduced 11-05-18)
Sponsor: Senator Jim Stamas
Committee: Appropriations

Date Completed: 11-26-18

CONTENT

The bill would amend the Michigan Trust Fund Act to extend to fiscal year 2023 a fiscal year 2019 sunset on a requirement that \$75.0 million in tobacco settlement revenue be deposited annually into the 21st Century Jobs Trust Fund.

The 21st Century Jobs Trust Fund consists of donations made to it from any source as well as the net proceeds of the sale of tobacco settlement revenue to the Tobacco Settlement Finance Authority under the Michigan Tobacco Settlement Finance Authority Act.

(That Act authorized the State Budget Director to sell to the Authority all or a portion of the State's tobacco receipts from tobacco manufacturers under the terms of the master settlement agreement (entered into by 46 states and the U.S. tobacco industry). Of the total money from the sale, \$400.0 million had to be deposited and spent as provided in the Michigan Trust Fund Act.)

Under the Michigan Trust Fund Act, each fiscal year through fiscal year (FY) 2018-19, \$75.0 million of the tobacco settlement revenue received by the State that is not considered a TSR (the portion of the State's tobacco receipts sold to the Authority) must be deposited into the 21st Century Jobs Trust Fund. The bill would extend this sunset to FY 2022-2023.

MCL 12.257

FISCAL IMPACT

The bill would increase the deposit of tobacco settlement revenue into the 21st Century Jobs Trust Fund by extending the current sunset on the requirement that \$75.0 million of tobacco settlement revenue be deposited annually into the 21st Century Jobs Trust Fund for four additional fiscal years. This would represent \$300.0 million available for economic development purposes over the next four years. Under current law, the \$75.0 million annual deposit to the 21st Century Jobs Trust Fund will end after FY 2018-19.

The 21st Century Jobs Trust Fund and programs were established in 2005 to provide resources to encourage economic development and job creation throughout the State. The Fund is used in various areas of the Michigan Strategic Fund. The current areas of economic development that receive 21st Century Jobs Trust Fund money are Business Attraction, Community Revitalization, Pure Michigan, and Entrepreneurship Ecosystem. Currently, Business Attraction and Community Revitalization are combined in the same line item. The decision on how much to appropriate to each economic development activity each year is determined

annually by the appropriations process. Below is the breakdown of the line items that receive 21st Century Jobs Trust Fund dollars for FY 2017-18 and FY 2018-19.

21st Century Jobs Trust Fund Appropriations (dollars in millions)						
Line Item	2017-18			2018-19		
	Gross	21st	GF/GP	Gross	21st	GF/GP
Pure Michigan.....	\$35.0	\$35.0	\$0.0	\$36.0	\$35.0	\$1.0
Business Attraction and Community Revitalization	115.5	21.6	93.9	105.4	23.6	81.8
Entrepreneurship Eco-system	20.4	18.4	2.0	18.9	16.4	2.5
Total	\$170.9	\$75.0	\$95.9	\$160.3	\$75.0	\$85.3

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