

HOUSE BILL NO. 5087

September 26, 2025, Introduced by Reps. Green, Rheingans, Breen, Slagh, Maddock, Kuhn and Steele and referred to Committee on Finance.

A bill to amend 1993 PA 327, entitled
"Tobacco products tax act,"
by amending section 12 (MCL 205.432), as amended by 2022 PA 171.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 12. (1) The proceeds derived from the payment of taxes,
2 fees, and penalties provided for under this act and the license
3 fees received by the department ~~shall~~**must** be deposited with the
4 state treasurer and disbursed only as provided in this section.
5 However, before a distribution of funds is made under this section,
6 subject to appropriation, the funds described in this section may

1 be used by the department, the attorney general, and the department
2 of state police for enforcement and administration of this act.

3 (2) The tax imposed on cigarettes under section 7(1)(a) must
4 be disbursed as follows:

5 (a) 2.4375% of the proceeds must be credited to the health and
6 safety fund created in **section 3 of** the health and safety fund act,
7 1987 PA 264, MCL ~~141.471 to 141.479~~.**141.473.**

8 (b) 41.6200% of the proceeds must be credited to the state
9 school aid fund established by section 11 of article IX of the
10 state constitution of 1963.

11 (c) 3.7500% of the proceeds ~~shall~~**must** be credited to the
12 healthy Michigan fund created under section 5953 of the public
13 health code, 1978 PA 368, MCL 333.5953. Fifty percent of the
14 proceeds described in this subdivision that are used for smoking
15 prevention programs ~~shall~~**must** be used by the department of health
16 and human services to expand the free smokers quit kit program to
17 include the nicotine patch or nicotine gum.

18 (d) 19.7625% of the proceeds must be disbursed as follows:

19 (i) For each fiscal year, \$3,000,000.00 to the ~~Michigan state~~
20 ~~capitol historic site fund created in section 7 of the Michigan~~
21 ~~state capitol historic site act, 2013 PA 240, MCL 4.1947.~~**healthy**
22 **Michigan fund created under section 5953 of the public health code,**
23 **1978 PA 368, MCL 333.5953, for smoking prevention programs.** For
24 each fiscal year, the state treasurer shall adjust the figure
25 described in this subparagraph by an amount determined by the state
26 treasurer at the end of each calendar year to reflect the
27 cumulative annual percentage change in the Consumer Price Index.
28 For each fiscal year, if the cumulative annual percentage change in
29 the Consumer Price Index is negative, then the adjustment for that

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

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

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

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

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

(e) 0.5550% of the proceeds must be paid to counties with a 2000 population of more than 2,000,000, to be used only for indigent health care.

(f) 31.8750% of the proceeds must be credited to the Michigan Medicaid benefits trust fund ~~created under~~ **established in** section 5 of the Michigan trust fund act, 2000 PA 489, MCL 12.255.

(3) The tax imposed under section 7(1)(b) must be disbursed as follows:

(a) 75.0% of the proceeds must be credited to the Michigan Medicaid benefits trust fund ~~created under~~ **established in** section 5 of the Michigan trust fund act, 2000 PA 489, MCL 12.255.

1 (b) 25.0% of the proceeds must be credited to the general fund
2 of this state.

3 (4) The proceeds of the fees and penalties provided for in
4 this act ~~shall~~**must** be used for the administration of this act.