

# SENATE BILL NO. 572

June 24, 2021, Introduced by Senators ANANICH, HOLLIER, WOJNO, OUTMAN, BULLOCK and BIZON and referred to the Committee on Regulatory Reform.

A bill to amend 1993 PA 327, entitled  
"Tobacco products tax act,"  
by amending sections 2, 6, 7, and 12 (MCL 205.422, 205.426,  
205.427, and 205.432), section 2 as amended by 2020 PA 326, section  
6 as amended by 1997 PA 187, 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) "Alternative nicotine product" means a noncombustible
- 3       product containing nicotine that is intended for human consumption,

1 whether chewed, absorbed, dissolved, or ingested by any other  
2 means. Alternative nicotine product does not include a product  
3 regulated as a drug or device by the United States Food and Drug  
4 Administration under 21 USC 351 to 360fff-8.

5 (b) ~~(a)~~—"Cigar" means any roll of tobacco wrapped in leaf  
6 tobacco or in any substance containing tobacco. Cigar does not  
7 include a cigarette.

8 (c) ~~(b)~~—"Cigarette" means a roll for smoking made wholly or in  
9 part of tobacco, irrespective of size or shape and irrespective of  
10 the tobacco being flavored, adulterated, or mixed with any other  
11 ingredient, which roll has a wrapper or cover made of paper or any  
12 other material. Cigarette does not include cigars.

13 (d) ~~(c)~~—"Cigarette making machine" means any machine or other  
14 mechanical device which meets all of the following criteria:

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

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

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

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

25 (e) "Closed system cartridge" means a sealed, prefilled, and  
26 disposable container of consumable material in which the container  
27 is inserted directly into an electronic smoking device, and is not  
28 intended to be opened or accessible through customary or reasonably  
29 foreseeable handling or use.

1           (f) ~~(d)~~—"Commissioner" means the state treasurer.

2           (g) **"Consumable material" means any volume of liquid nicotine**  
3 **solution, other than marihuana, that is depleted as an electronic**  
4 **smoking device is used.**

5           (h) ~~(e)~~—"Container" or "shipping case" means an individual  
6 receptacle within which a tobacco product or group of tobacco  
7 products is placed for shipment, storage, or distribution, such as  
8 a box, case, or tote. A container or shipping case does not include  
9 any of the following:

10           (i) An individual package of cigarettes or cigarette carton  
11 containing cigarettes that are not counterfeit cigarettes.

12           (ii) Except for counterfeit cigarettes, the package or other  
13 article containing the tobacco product that is sold or transferred  
14 directly to the ultimate consumer.

15           (iii) A bag or similar package containing bulk or loose hookah  
16 tobacco, pipe tobacco, or roll-your-own cigarette tobacco that a  
17 retailer uses to fill bins, barrels, or tubs located at the  
18 retailer's place of business from which either the retailer sells a  
19 specified quantity of those tobacco products or a blend or mixture  
20 of those tobacco products to the consumer, or the consumer removes  
21 or draws a specified quantity of those tobacco products or a blend  
22 or mixture of those tobacco products for purchase at retail from  
23 the retailer.

24           (iv) A pallet or similar article or device upon which an  
25 individual receptacle or group of receptacles, containing the  
26 tobacco products, is placed for shipment, storage, or distribution.

27           (v) Property used as a protective covering for, or to keep  
28 together during shipment, storage, or distribution, a receptacle or  
29 group of receptacles within which the tobacco product is placed for

1 shipment, storage, or distribution including shrink wrap or other  
2 wrapping materials, but excluding the protective covering which  
3 forms, gives shape to, or otherwise constitutes the receptacle  
4 within which the tobacco product is placed for shipment, storage,  
5 or distribution.

6 (i) ~~(f)~~ "Counterfeit cigarette" means a cigarette in an  
7 individual package of cigarettes or other container with a false  
8 manufacturing label or a cigarette in an individual package of  
9 cigarettes or other container with a counterfeit stamp.

10 (j) ~~(g)~~ "Counterfeit cigarette paper" means a cigarette paper  
11 with a false manufacturing label or that has not been printed,  
12 manufactured, or made by authority of the trademark owner.

13 (k) ~~(h)~~ "Counterfeit stamp" means any stamp, label, or print,  
14 indicium, or character, that evidences, or purports to evidence,  
15 the payment of any tax levied under this act and that has not been  
16 printed, manufactured, or made by authority of the department as  
17 provided in this act and has not been issued, sold, or circulated  
18 by the department.

19 (l) ~~(i)~~ "Department" means the department of treasury.

20 (m) **"Electronic smoking device" means any device that can be**  
21 **used to deliver aerosolized or vaporized consumable material to the**  
22 **person inhaling from the device, including, but not limited to, an**  
23 **e-cigarette, e-cigar, e-pipe, vape pen, or e-hookah. Electronic**  
24 **smoking device includes any component, part, or accessory of the**  
25 **device, whether or not sold separately, and includes any consumable**  
26 **material intended to be aerosolized or vaporized during the use of**  
27 **the device. Electronic smoking device does not include any battery**  
28 **or battery charger when sold separately. In addition, electronic**  
29 **smoking device does not include drugs, devices, or combination**

1 products authorized for sale as tobacco cessation products by the  
 2 United States Food and Drug Administration, as those terms are  
 3 defined under subchapter V of the federal food, drug, and cosmetic  
 4 act, 21 USC 351 to 360fff-8.

5 (n) ~~(j)~~—"Financially sound" means a determination by the  
 6 department that the wholesaler or unclassified acquirer is able to  
 7 pay the tax due on the tobacco products it sells, imports, or  
 8 acquires, as applicable, in the ordinary course of business based  
 9 on criteria including, but not limited to, all of the following:

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

11 (ii) Outstanding liabilities.

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

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

16 (v) Ability to pay for its stamps, if required under this act.

17 (o) ~~(k)~~—"Gray market cigarette" means any cigarette the  
 18 package of which bears any statement, label, stamp, sticker, or  
 19 notice indicating that the manufacturer did not intend the  
 20 cigarettes to be sold, distributed, or used in the United States,  
 21 including, but not limited to, a label stating "For Export Only",  
 22 "U.S. Tax Exempt", "For Use Outside U.S.", or similar wording.

23 (p) ~~(l)~~—"Gray market cigarette paper" means any cigarette paper  
 24 the package of which bears any statement, label, stamp, sticker, or  
 25 notice indicating that the manufacturer did not intend the  
 26 cigarette papers to be sold, distributed, or used in the United  
 27 States, including, but not limited to, a label stating "For Export  
 28 Only", "U.S. Tax Exempt", "For Use Outside U.S.", "For Use in  
 29 \_\_\_\_\_ (another country) Only", or similar wording.

1        **(q)** ~~(m)~~—"Hookah tobacco" means tobacco that is designed,  
2        manufactured, or otherwise intended for consumption by smoking in a  
3        hookah and that is flavored with honey, molasses, fruit, or other  
4        natural or artificial flavors. Hookah tobacco includes those  
5        products commonly known or referred to as narghile, argileh,  
6        shisha, hubble-bubble, molasses tobacco, waterpipe tobacco,  
7        maassel, or goza.

8        **(r)** ~~(n)~~—"Hookah" means a device, including a waterpipe, used  
9        for smoking hookah tobacco that consists of a tube connected to a  
10       chamber where the smoke is cooled passing through water.

11       **(s)** ~~(o)~~—"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       **(t)** ~~(p)~~—"Licensee" means a person licensed under this act.

17       **(u)** **"Liquid nicotine solution" means any solution that**  
18       **contains the chemical substance named 3(1 Methyl-2-pyrrolidinyl)**  
19       **pyridine or C(10)H(14)N(2), including any salt or complex of**  
20       **nicotine, that is derived from the tobacco plant.**

21       **(v)** ~~(q)~~—"Manufacturer" means any of the following:

22       (i) Except as otherwise provided in this subdivision, a person  
23       who manufactures or produces a tobacco product.

24       (ii) A person who operates or who permits any other person to  
25       operate a cigarette making machine in this state for the purpose of  
26       producing, filling, rolling, dispensing, or otherwise generating  
27       cigarettes. A person who is a manufacturer under this subparagraph  
28       shall constitute a nonparticipating manufacturer for purposes of  
29       sections 6c and 6d. A person who operates or otherwise uses a

1 machine or other mechanical device, other than a cigarette making  
2 machine, to produce, roll, fill, dispense, or otherwise generate  
3 cigarettes shall not be considered a manufacturer as long as the  
4 cigarettes are produced or otherwise generated in that person's  
5 dwelling and for that person's self-consumption. For purposes of  
6 this act, "self-consumption" means production for personal  
7 consumption or use and not for sale, resale, or any other profit-  
8 making endeavor.

9 (iii) A person who does any of the following shall not be  
10 considered a manufacturer:

11 (A) Mixes or blends 2 or more different tobacco products to  
12 create a custom mix or blend of those products if each of the  
13 constituent tobacco products mixed or blended together is a  
14 finished tobacco product that the person could or does otherwise  
15 sell to consumers and upon which the tax under this act has been  
16 paid.

17 (B) Creates or produces, by filling a fruit with hookah  
18 tobacco, what is commonly known as a fruit bowl or fruit head for  
19 use in a hookah.

20 (C) Rolls a cigar for his or her own self-consumption.

21 **(w) "Marihuana" means that term as defined in section 7106 of**  
22 **the public health code, 1976 PA 368, MCL 333.7106. For purposes of**  
23 **this act, "marihuana" and "marijuana" are synonymous.**

24 **(x) ~~(r)~~** "Noncigarette smoking tobacco" means tobacco sold in  
25 loose or bulk form that is intended for consumption by smoking and  
26 also includes roll-your-own cigarette tobacco, hookah tobacco, pipe  
27 tobacco, or a wrap.

28 **(y) "Open vapor system" means all containers of consumable**  
29 **material for intended use in an electronic smoking device and for**

1 which the container is intended. Open vapor system does not include  
2 consumable materials contained in a closed system cartridge.

3 (z) ~~(s)~~—"Person" means an individual, partnership, fiduciary,  
4 association, limited liability company, corporation, or other legal  
5 entity.

6 (aa) ~~(t)~~—"Pipe tobacco" means any tobacco that, because of its  
7 appearance, type, packaging, or labeling, is suitable for use and  
8 likely to be offered to, or purchased by, consumers as tobacco to  
9 smoke in a pipe.

10 (bb) ~~(u)~~—"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 (cc) ~~(v)~~—"Retailer" means a person other than a transportation  
15 company who operates a place of business in this state, or who  
16 directs, manages, or has control over the day-to-day operations of  
17 a place of business in this state, for the purpose of making sales  
18 of a tobacco product at retail. A person described in this  
19 subdivision qualifies as a retailer regardless of whether that  
20 person owns the place of business.

21 (dd) ~~(w)~~—"Roll-your-own cigarette tobacco" means any tobacco  
22 which, because of its appearance, type, packaging, or labeling, is  
23 suitable for use and likely to be offered to, or purchased by,  
24 consumers as tobacco for making cigarettes.

25 (ee) ~~(x)~~—"Sale" means a transaction by which the ownership of  
26 tangible personal property is transferred for consideration and  
27 applies also to use, gifts, exchanges, barter, and theft.

28 (ff) ~~(y)~~—"Secondary wholesaler" means a person who sells a  
29 tobacco product for resale, who purchases a tobacco product from a



1 wholesaler or unclassified acquirer licensed under this act, and  
2 who maintains an established place of business in this state where  
3 a substantial portion of the business is the sale of tobacco  
4 products and related merchandise at wholesale, and where at all  
5 times a substantial stock of tobacco products and related  
6 merchandise is available to retailers for resale.

7 (gg) ~~(z)~~ "Smokeless tobacco" means snuff, snus, chewing  
8 tobacco, moist snuff, and any other tobacco that is intended to be  
9 used or consumed, whether heated, chewed, absorbed, dissolved,  
10 inhaled, snorted, sniffed, or ingested, by any means other than  
11 smoking or combustion.

12 (hh) ~~(aa)~~ "Stamp" means a distinctive character, indication,  
13 or mark, as determined by the department, attached or affixed to an  
14 individual package of cigarettes by mechanical device or other  
15 means authorized by the department to indicate that the tax imposed  
16 under this act has been paid.

17 (ii) ~~(bb)~~ "Stamping agent" means a wholesaler or unclassified  
18 acquirer other than a manufacturer who is licensed and authorized  
19 by the department to affix stamps to individual packages of  
20 cigarettes on behalf of themselves and other wholesalers or  
21 unclassified acquirers other than manufacturers.

22 (jj) ~~(ee)~~ "Tobacco product" means a product containing any  
23 amount of tobacco regardless of form including, but not limited to,  
24 cigarettes, cigars, noncigarette smoking tobacco, or smokeless  
25 tobacco. **Beginning January 1, 2022, tobacco product includes**  
26 **alternative nicotine products and consumable material.** A tobacco  
27 product does not include drugs, devices, or combination products  
28 authorized for sale by the United States Food and Drug  
29 Administration, as those terms are defined in the federal food,

1 drug, and cosmetic act, 21 USC 351 to ~~360fff-7~~. **360fff-8**.

2 **(kk)** ~~(dd)~~ "Transportation company" means a person operating,  
3 or supplying to common carriers, cars, boats, or other vehicles for  
4 the transportation or accommodation of passengers and engaged in  
5 the sale of a tobacco product at retail.

6 **(ll)** ~~(ee)~~ "Transporter" means a person importing or  
7 transporting into this state, or transporting in this state, a  
8 tobacco product obtained from a source located outside this state,  
9 or from any person not duly licensed under this act. Transporter  
10 does not include an interstate commerce carrier licensed by the  
11 interstate commerce commission, or its successor federal agency, to  
12 carry commodities in interstate commerce, or a licensee maintaining  
13 a warehouse or place of business outside of this state if the  
14 warehouse or place of business is licensed under this act.

15 **(mm)** ~~(ff)~~ "Unclassified acquirer" means a person, except a  
16 transportation company or a purchaser at retail from a retailer  
17 licensed under the general sales tax act, 1933 PA 167, MCL 205.51  
18 to 205.78, who imports or acquires a tobacco product from a source  
19 other than a wholesaler or secondary wholesaler licensed under this  
20 act for use, sale, or distribution in this state. Unclassified  
21 acquirer also means a person who purchases or receives tobacco  
22 products directly from a manufacturer licensed under this act or  
23 from another source outside this state, which source is not  
24 licensed under this act. An unclassified acquirer also includes a  
25 person not located in this state that sells a tobacco product,  
26 through a mail order, catalog sale, telephone order, internet sale,  
27 or any other means, to a retailer or other person in this state  
28 that is not licensed under this act as a wholesaler, unclassified  
29 acquirer other than a manufacturer, or secondary wholesaler. An

1 unclassified acquirer does not include a wholesaler.

2       **(nn)** ~~(gg)~~ "Vending machine operator" means a person who  
3 operates 1 or more vending machines in this state for the sale of a  
4 tobacco product and who purchases a tobacco product from a  
5 manufacturer, licensed wholesaler, or secondary wholesaler.

6       **(oo)** ~~(hh)~~ "Wholesale price" means the actual price paid to a  
7 seller for a tobacco product, by a wholesaler or unclassified  
8 acquirer in order to acquire that tobacco product from the seller.  
9 The wholesale price includes any tax, fee, licensing, or other  
10 charge, except as otherwise provided in this subdivision, reflected  
11 on the invoice, bill of sale, purchase order, or other document  
12 evidencing the sale or purchase of the tobacco product. Wholesale  
13 price does not include, if separately stated on the invoice, bill  
14 of sale, purchase order, or other document evidencing the sale of  
15 the tobacco product, shipping or handling charges for cigarettes,  
16 and reasonable shipping or handling charges for tobacco products  
17 other than cigarettes such as transportation, shipping, postage,  
18 handling, crating, or packing. When items or products, other than  
19 tobacco products, are included in a transaction for the purchase of  
20 tobacco products by a wholesaler or unclassified acquirer, charges  
21 for those products or items that are not tobacco products,  
22 including shipping and handling charges, may be excluded from the  
23 wholesale price if separately stated on the invoice, bill of sale,  
24 purchase order, or other document evidencing the sale or purchase.  
25 The wholesale price shall not be reduced due to any rebate, trade  
26 allowance, licensing or exclusivity agreement, volume or other  
27 discount, or any other reduction given by the seller or passed on  
28 to or otherwise received by the wholesaler or unclassified acquirer  
29 from the seller. If the wholesaler or unclassified acquirer has a

1 relationship as described in section 267(b) of the internal revenue  
2 code of 1986, 26 USC 267, with the seller, the department may  
3 establish the wholesale price for the tobacco products based on the  
4 best available information or any other reasonable proxy for the  
5 wholesale price including, but not limited to, the wholesale price  
6 paid by other taxpayers for those tobacco products within the past  
7 4 years.

8 (pp) ~~(ii)~~ "Wholesaler" means a person who purchases all or  
9 part of its tobacco products from a manufacturer and who sells 75%  
10 or more of those tobacco products to others for resale. Wholesaler  
11 includes a chain of stores retailing a tobacco product to the  
12 consumer if 75% of its stock of tobacco products is purchased  
13 directly from the manufacturer.

14 (qq) ~~(jj)~~ "Wrap" means an individual tobacco wrapper that is  
15 made wholly or in part from tobacco, including reconstituted  
16 tobacco, whether in the form of tobacco leaf, sheet, or tube, if  
17 the wrap is designed to be offered, or is offered, for sale to  
18 consumers to create or to use as a component part of a tobacco  
19 product.

20 Sec. 6. (1) A manufacturer, wholesaler, secondary wholesaler,  
21 vending machine operator, transportation company, unclassified  
22 acquirer, or retailer shall keep a complete and accurate record of  
23 each tobacco product manufactured, purchased, or otherwise  
24 acquired. Except for a manufacturer, the records shall include a  
25 written statement containing the name and address of both the  
26 seller and the purchaser, the date of delivery, the quantity, the  
27 trade name or brand, and the price paid for each tobacco product  
28 purchased. **If the consumable material is sold in the same package**  
29 **as an electronic smoking device, the record required under this**

1 subsection must segregate the price paid for the consumable  
2 material from the price paid for the electronic smoking device. The  
3 record required under this subsection must also indicate the amount  
4 of consumable material that is contained in a closed system  
5 cartridge. A licensee shall keep as part of the records a true copy  
6 of all purchase orders, invoices, bills of lading, and other  
7 written matter substantiating the purchase or acquisition of each  
8 tobacco product at the location where the tobacco product is stored  
9 or offered for sale. A retailer shall keep as part of the records a  
10 true copy of all purchase orders, invoices, bills of lading, and  
11 other written matter substantiating the purchase or acquisition of  
12 each tobacco product at the location where the tobacco product is  
13 offered for sale for a period of 4 months from the date of purchase  
14 or acquisition. The department may, by giving prior written  
15 approval, authorize a person licensed under this act or a retailer  
16 to maintain records in a manner other than that required by this  
17 subsection. Other records shall be kept by these persons as the  
18 department reasonably prescribes.

19 (2) A manufacturer, wholesaler, unclassified acquirer, and  
20 secondary wholesaler shall deliver with each sale or consignment of  
21 a tobacco product a written statement containing the name or trade  
22 name and address of both the seller and the purchaser, the date of  
23 delivery, the quantity, and the trade name or brand of the tobacco  
24 product, correctly itemizing the prices paid for each brand  
25 purchased, and, **if the consumable material is sold in the same**  
26 **package as an electronic smoking device, the statement must**  
27 **segregate the price paid for the consumable material from the price**  
28 **paid for the electronic smoking device. The statement required**  
29 **under this subsection must also indicate the amount of consumable**

1 **material that is contained in a closed system cartridge. The**  
2 **manufacturer, wholesaler, unclassified acquirer, and secondary**  
3 **wholesaler** shall retain a duplicate of each statement.

4 (3) A vending machine operator shall keep a detailed record of  
5 each vending machine owned for the sale of tobacco products showing  
6 the location of the machine, the date of placing the machine on the  
7 location, the quantity of each tobacco product placed in the  
8 machine, the date when placed there, and the amount of the  
9 commission paid or earned on sales through the vending machine.  
10 When filling or refilling the vending machine, the operator shall  
11 deliver to the owner or tenant occupying the premises where the  
12 machine is located a written statement containing his or her own  
13 name and address, the name and address of the owner or the tenant,  
14 the date when the machine was filled, and the quantity of each  
15 brand of tobacco product sold from the machine since the date when  
16 tobacco products were last placed in the machine. A person in  
17 possession of premises where a vending machine is located shall  
18 keep a record of each tobacco product sold through the vending  
19 machine located on the premises and the amount of commission paid  
20 by the person operating the vending machine. The records shall  
21 consist of written statements required to be given by each person  
22 operating a vending machine for the sale of tobacco products as  
23 provided in this section.

24 (4) A licensee under this act shall not issue or accept a  
25 written statement or invoice that is known to the licensee to  
26 contain a statement or omission that falsely indicates the name of  
27 the customer, the type, trade name, or brand of merchandise, the  
28 quantity of each type, trade name, or brand of merchandise, the  
29 prices, the discounts, the date of the transaction, or the terms of

1 sale. A person shall not use a device or game of chance to aid,  
2 promote, or induce sales or purchases of a tobacco product, or give  
3 a tobacco product in connection with a device or game of chance.

4 (5) All statements and other records required by this section  
5 shall be in a form prescribed by the department and shall be  
6 preserved for a period of 4 years and offered for inspection at any  
7 time upon oral or written demand by the department or its  
8 authorized agent by every wholesaler, secondary wholesaler, vending  
9 machine operator, unclassified acquirer, and retailer.

10 (6) If a tobacco product other than cigarettes is received or  
11 acquired within this state by a wholesaler, secondary wholesaler,  
12 vending machine operator, unclassified acquirer, or retailer, each  
13 original manufacturer's shipping case shall bear the name and  
14 address of the person making the first purchase or any other  
15 markings the department prescribes. If a tobacco product other than  
16 cigarettes is found in a place of business or otherwise in the  
17 possession of a wholesaler, secondary wholesaler, vending machine  
18 operator, unclassified acquirer, transporter, or retailer without  
19 proper markings on the shipping case, box, or container of the  
20 tobacco product or if an individual package of cigarettes is found  
21 without a stamp affixed as provided under this act or if a tobacco  
22 product is found without proper substantiation by invoices or other  
23 records as required by this section, the presumption shall be that  
24 the tobacco product is kept in violation of this act. If a tobacco  
25 product is shipped outside the state, the licensee shipping the  
26 tobacco product shall cause to be placed on every shipping case or  
27 other container in which the tobacco product is shipped the name  
28 and address of the consignee or purchaser to whom the shipment is  
29 made outside of the state. The department may require reports from

1 a common carrier who transports a tobacco product to a point within  
2 this state from another person who, under contract, transports a  
3 tobacco product, or from a bonded warehouseperson or bailee who has  
4 in his or her possession a tobacco product. A carrier, bailee,  
5 warehouseperson, or other person shall permit the inspection of the  
6 tobacco products and examination by the department or its duly  
7 authorized agent of any records relating to the shipment of a  
8 tobacco product into, from, or within the state.

9 (7) A transporter or other licensee transporting, possessing,  
10 or acquiring for the purpose of transporting a tobacco product upon  
11 a public highway, road, or street of this state shall have in his  
12 or her actual possession invoices or bills of lading containing the  
13 name and address of both the seller and the purchaser, the date of  
14 delivery, the name and address of the transporter, the quantity and  
15 trade name or brand of each tobacco product, the price paid for  
16 each trade name or brand in the transporter's possession or  
17 custody, and the license as prescribed under this act. **If**  
18 **consumable material is transported in the same package as an**  
19 **electronic smoking device, the invoices or bills of lading must**  
20 **segregate the price paid for the consumable material from the price**  
21 **paid for the electronic smoking device. The invoices or bills of**  
22 **lading described under this subsection must also indicate the**  
23 **amount of consumable material that is contained in a closed system**  
24 **cartridge.**

25 (8) A transporter desiring to possess or acquire for  
26 transportation or transport a tobacco product upon a highway, road,  
27 or street of this state shall obtain a permit from the department  
28 authorizing the transporter to possess or acquire for  
29 transportation or transport tobacco products and shall have the



1 permit in his or her possession while the tobacco product is in his  
2 or her possession. This permit shall be obtained for each load  
3 being transported and shall contain a statement setting forth the  
4 name and address of the purchaser, seller, and transporter, the  
5 license number of the purchaser, the date of the delivery of the  
6 tobacco product or date of importation into this state, the route  
7 to be followed if a tobacco product is being transported from an  
8 out-of-state source, and any other information the department  
9 requires. The department shall provide a permit on a form  
10 prescribed by it upon the application of a transporter with the  
11 remittance of a fee of \$1.00. If a transporter transports a tobacco  
12 product into this state, the transporter shall stop at the nearest  
13 state police post within this state on the route authorized by the  
14 permit and disclose the tobacco products in his or her possession  
15 and the papers required by this section to be in his or her  
16 possession.

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

19 (a) Through July 31, 2002, for cigars, noncigarette smoking  
20 tobacco, and smokeless tobacco, 16% of the wholesale price.

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

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

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

28 (e) Beginning July 1, 2004, for cigarettes, in addition to the  
29 tax levied in subdivisions (b), (c), and (d), an additional 37.5

1 mills per cigarette.

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

5 (g) Beginning July 1, 2004, **except as otherwise provided in**  
6 **this subdivision**, for cigars, noncigarette smoking tobacco, and  
7 smokeless tobacco, **excluding consumable material**, 32% of the  
8 wholesale price. However, beginning November 1, 2012 and through  
9 October 31, 2021, the amount of tax levied under this subdivision  
10 on cigars shall not exceed 50 cents per individual cigar. **Beginning**  
11 **November 1, 2021 through October 31, 2022, the amount of the tax**  
12 **levied under this subdivision shall not exceed 65 cents per**  
13 **individual cigar. Beginning November 1, 2022, the amount of the tax**  
14 **levied under this subdivision shall not exceed 75 cents per**  
15 **individual cigar.**

16 (h) Beginning January 1, 2022, for consumable materials as  
17 follows:

18 (i) That are part of an open vapor system, 18% of the wholesale  
19 price.

20 (ii) That are contained in a closed system cartridge, \$0.60 per  
21 milliliter.

22 (i) Beginning January 1, 2022, for alternative nicotine  
23 products, 50 cents per ounce of alternative nicotine product on the  
24 basis of net weight of the alternative nicotine product as listed  
25 by the manufacturer.

26 (2) On or before the twentieth day of each calendar month,  
27 every licensee under section 3 other than a retailer, unclassified  
28 acquirer licensed as a manufacturer, or vending machine operator  
29 shall file a return with the department stating the wholesale price

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

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

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

29 (b) Through July 31, 2002, 1.25% of the total amount of the

1 tax due on cigarettes sold.

2 (c) Beginning August 1, 2002, 1.5% of the total amount of the  
3 tax due on cigarettes sold and, beginning on June 20, 2012, for  
4 sales of untaxed cigarettes to Indian tribes in this state, an  
5 amount equal to 1.5% of the total amount of the tax due on those  
6 cigarettes sold as if those cigarette sales were taxable sales  
7 under this act.

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

25 (i) Case packers or similar machines to be used exclusively to  
26 repack cigarette cartons into case boxes after digital stamps have  
27 been applied by eligible equipment to the individual packages of  
28 cigarettes contained within those cigarette cartons. Compensation  
29 under this subparagraph may only be claimed by a stamping agent if

1 the case packers or similar machines are in addition to, and not a  
2 replacement for, 1 or more case packers or similar machines used in  
3 connection with cigarette stamping machines which do not use the  
4 digital stamp authorized under this act.

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

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

23 (e) Beginning in the first calendar month following the  
24 implementation of the use of digital stamps as provided in section  
25 5a(2) and continuing for the immediately succeeding 17 months, for  
26 licensees who are stamping agents, reimbursement of direct costs  
27 actually incurred by the stamping agent, as determined by the  
28 department, for the initial purchase of eligible equipment in an  
29 amount equal to 5.55% of the total net purchase price of the

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

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

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

1 licensee and retailer who, on August 1, 2002, has on hand for sale  
2 any cigars, noncigarette smoking tobacco, or smokeless tobacco upon  
3 which a tax has been paid pursuant to subsection (1)(a) shall file  
4 a complete inventory of those cigars, noncigarette smoking tobacco,  
5 and smokeless tobacco before September 1, 2002 and shall pay to the  
6 department at the time of filing this inventory a tax equal to the  
7 difference between the tax imposed in subsection (1)(f) and the tax  
8 that has been paid under subsection (1)(a).

9 (5) Every licensee and retailer who, on July 1, 2004, has on  
10 hand for sale any cigarettes upon which a tax has been paid  
11 pursuant to subsection (1)(b), (c), and (d) shall file a complete  
12 inventory of those cigarettes before August 1, 2004 and shall pay  
13 to the department at the time of filing this inventory a tax equal  
14 to the difference between the tax imposed in subsection (1)(b),  
15 (c), (d), and (e) and the tax that has been paid under subsection  
16 (1)(b), (c), and (d). Every licensee and retailer who, on July 1,  
17 2004, has on hand for sale any cigars, noncigarette smoking  
18 tobacco, or smokeless tobacco upon which a tax has been paid  
19 pursuant to subsection (1)(f) shall file a complete inventory of  
20 those cigars, noncigarette smoking tobacco, and smokeless tobacco  
21 before August 1, 2004 and shall pay to the department at the time  
22 of filing this inventory a tax equal to the difference between the  
23 tax imposed in subsection (1)(g) and the tax that has been paid  
24 under subsection (1)(f). The proceeds derived under this subsection  
25 shall be credited to the Michigan Medicaid benefits trust fund  
26 created under section 5 of the Michigan trust fund act, 2000 PA  
27 489, MCL 12.255.

28 (6) Every licensee and retailer who, on January 1, 2022, has  
29 on hand for sale any consumable materials shall file a complete

1 inventory of those consumable materials before February 1, 2022 to  
2 the department. A tax is not imposed on the consumable materials  
3 described in the complete inventory filed with the department.

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

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

13 (9) ~~(8)~~—A person liable for the tax may reimburse itself by  
14 adding to the price of the tobacco products an amount equal to the  
15 tax levied under this act.

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

24 (11) ~~(10)~~—If the wholesaler or unclassified acquirer has  
25 unsalable packs returned from a retailer, secondary wholesaler,  
26 vending machine operator, wholesaler, or unclassified acquirer with  
27 stamps affixed, the department shall refund the amount of the tax  
28 less the appropriate discount paid. If the wholesaler or  
29 unclassified acquirer has unaffixed unsalable stamps, the



1 department shall exchange with the wholesaler or unclassified  
2 acquirer new stamps in the same quantity as the unaffixed unsalable  
3 stamps. An application for refund of the tax shall be filed on a  
4 form prescribed by the department for that purpose, within 4 years  
5 from the date the stamps were originally acquired from the  
6 department. A wholesaler or unclassified acquirer shall make  
7 available for inspection by the department the unused or spoiled  
8 stamps and the stamps affixed to unsalable individual packages of  
9 cigarettes. The department may, at its own discretion, witness and  
10 certify the destruction of the unused or spoiled stamps and  
11 unsalable individual packages of cigarettes that are not returnable  
12 to the manufacturer. The wholesaler or unclassified acquirer shall  
13 provide certification from the manufacturer for any unsalable  
14 individual packages of cigarettes that are returned to the  
15 manufacturer.

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

22       **(13)** ~~(12)~~—Each wholesaler or unclassified acquirer shall  
23 submit to the department an unstamped cigarette sales report on or  
24 before the twentieth day of each month covering the sale, delivery,  
25 or distribution of unstamped cigarettes during the preceding  
26 calendar month to points outside of this state. A separate schedule  
27 shall be filed for each state, country, or province into which  
28 shipments are made. For purposes of the report described in this  
29 subsection, "unstamped cigarettes" means individual packages of

1 cigarettes that do not bear a Michigan stamp. The department may  
2 provide the information contained in this report to a proper  
3 officer of another state, country, or province reciprocating in  
4 this privilege.

5 (14) ~~(13)~~—As used in subsection (3):

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

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

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

13 (iii) Was purchased to be used for the primary purpose of  
14 permitting the stamping agent to affix digital stamps to individual  
15 packages of cigarettes to be sold in this state following the  
16 implementation of the use of digital stamps as provided in section  
17 5a(2).

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

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

22 (ii) Was a cigarette tax stamping machine used prior to January  
23 1, 2012 by the stamping agent to apply stamps using stamp rolls of  
24 30,000 stamps.

25 (c) "Qualified equipment" means equipment that was placed in  
26 service by a stamping agent that included conveyors and additional  
27 associated electrical line and compressed air line before August  
28 15, 2014 in connection with the implementation of a digital  
29 stamping line under a pilot program with the department as

determined by the department. Qualified equipment does not include the cost of installation of a conveyor.

Sec. 12. (1) The proceeds derived from the payment of taxes, fees, and penalties provided for under this act and the license fees received by the department shall be deposited with the state treasurer and disbursed only as provided in this section and section 7(5). However, before a distribution of funds is made under this section, subject to appropriation, the funds described in this section may be used by the department, the attorney general, and the department of state police for enforcement and administration of this act.

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

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

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

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

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

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

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

6 (d) Beginning July 1, 2004 and through September 30, 2014,  
7 24.1% of the proceeds shall be credited to the general fund of this  
8 state.

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

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

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

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

year and each subsequent fiscal year, if the cumulative annual percentage change in the ~~consumer price index~~ **Consumer Price Index** is negative, then the adjustment for that fiscal year is zero. As used in this subsection, "~~consumer price index~~" **"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 ~~shall~~ **must** contain all of the following:

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

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

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

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

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

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

(b) Through June 30, 2004, 4.6%, and beginning July 1, 2004, 56.3% of the proceeds shall be credited to the state school aid

1 fund established by section 11 of article IX of the state  
2 constitution of 1963.

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

10 (d) Through June 30, 2004, 3.0%, and beginning July 1, 2004,  
11 3.7% of the proceeds shall be paid to counties with a 2000  
12 population of more than 2,000,000, to be used only for indigent  
13 health care.

14 (e) Through June 30, 2004, 12.2%, and beginning July 1, 2004,  
15 25.0% of the proceeds shall be credited to the Medicaid benefits  
16 trust fund created under section 5 of the Michigan trust fund act,  
17 2000 PA 489, MCL 12.255.

18 (5) Beginning August 1, 2002, the tax imposed under section  
19 7(1)(f) shall be disbursed as follows:

20 (a) 75.6% of the proceeds shall be credited to the state  
21 school aid fund established by section 11 of article IX of the  
22 state constitution of 1963.

23 (b) 6.0% of the proceeds shall be credited to the Healthy  
24 Michigan fund created under section 5953 of the public health code,  
25 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described  
26 in this subdivision that are used for smoking prevention programs  
27 shall be used by the department of health and human services to  
28 expand the free smokers quit kit program to include the nicotine  
29 patch or nicotine gum.

1 (c) 18.4% of the proceeds shall be credited to the general  
2 fund of this state.

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

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

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

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

17 (a) Beginning July 1, 2004 and through September 30, 2005,  
18 100% of the proceeds shall be credited to the Michigan Medicaid  
19 benefits trust fund created under section 5 of the Michigan trust  
20 fund act, 2000 PA 489, MCL 12.255.

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

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

26 (8) Beginning July 1, 2004, the tax imposed under section  
27 7(1)(g) shall be disbursed as follows:

28 (a) Beginning July 1, 2004 and through September 30, 2005,  
29 100% of the proceeds shall be credited to the Michigan Medicaid

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

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

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

8 **(9) Beginning October 1, 2022 and each fiscal year thereafter,**  
9 **the tax imposed under section 7(1)(h) shall be distributed as**  
10 **follows:**

11 (a) The first \$250,000.00 shall be credited to the department  
12 of treasury for tax enforcement purposes.

13 (b) The next \$2,500,000.00 shall be distributed to local  
14 health departments for local public health programs.

15 (c) The remainder shall be credited to the general fund of  
16 this state.

17 **(10) ~~(9)~~**—The proceeds of the fees and penalties provided for  
18 in this act shall be used for the administration of this act.

19 Enacting section 1. This amendatory act does not take effect  
20 unless all of the following bills of the 101st Legislature are  
21 enacted into law:

22 (a) Senate Bill No. 575.

23  
24 (b) Senate Bill No. 573.

25  
26 (c) Senate Bill No. 574.

27  
28 (d) Senate Bill No. 576.



1 (e) Senate Bill No. 577.

2

3 (f) Senate Bill No. \_\_\_\_\_ or House Bill No. \_\_\_\_\_ (request no.  
4 01404'21).