

HOUSE BILL No. 4829

June 16, 1987, Introduced by Reps. Berman, Perry Bullard, Bennane and Brown
and referred to the Committee on Taxation.

A bill to amend section 7 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,"

as amended by Act No. 73 of the Public Acts of 1982, being section 205.507 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 7 of Act No. 265 of the Public Acts of
2 1947, as amended by Act No. 73 of the Public Acts of 1982, being

1 section 205.507 of the Michigan Compiled Laws, is amended to read
2 as follows:

3 Sec. 7. (1) Every licensee under section 3, except a
4 retailer, a secondary wholesaler, or a vending machine operator,
5 ~~shall,~~ on or before the twentieth day of each calendar month,
6 SHALL file with the department, on a form prescribed by it, a
7 return under the penalties of perjury for each place of business
8 maintained, stating the number of cigarettes purchased and sold
9 by the licensee in the state during the preceding calendar
10 month. The return shall contain or be accompanied by further
11 information as the department ~~shall require~~ REQUIRES. If the
12 licensee required to file a return ceases to sell cigarettes
13 within the state, the licensee shall immediately file with the
14 department a return for the period ending with the cessation.

15 (2) ~~The licensee shall, at~~ AT the time of filing the
16 return, THE LICENSEE SHALL pay to the department an excise equal
17 to 5-1/2 mills for each cigarette sold during the calendar month
18 covered by the return less compensation equal to 1% of the total
19 amount of tax due to cover the cost of expenses of the licensee
20 incurred in the administration of this act.

21 (3) Effective May 1, 1982, the tax imposed pursuant to sub-
22 section (2) for each cigarette sold in this state shall be
23 increased by 5 mills to 10.5 mills.

24 (4) This act shall not be considered to prohibit the depart-
25 ment from requiring the payment of the excise tax imposed by this
26 act upon the importation or acquisition of cigarettes. The
27 department shall prescribe the form for the computation and

1 payment of the tax. Cigarettes, for which the excise under this
2 act has once been imposed and has not been refunded, if paid,
3 shall not be subject upon a subsequent sale to the excise imposed
4 by this act. Irrespective of any provisions of this act to the
5 contrary, IF the department ~~may, when~~ CONSIDERS it ~~deems~~
6 advisable to protect the interests of the state, THE DEPARTMENT
7 MAY require a licensee required to file monthly returns under
8 this act to file supplemental returns, ~~when directed by the~~
9 ~~department,~~ accompanied by a remittance of the tax due, covering
10 the tax due on the business done for that portion of the month as
11 the department may direct.

12 (5) An abatement or refund of the excise provided by this
13 act may be made by the department for causes the department ~~may~~
14 ~~deem~~ CONSIDERS expedient. The department shall certify the
15 amount and the state treasurer shall pay that amount out of the
16 proceeds of the excise.

17 (6) It is the intent of this act to impose the tax levied by
18 this act upon the consumer of the products taxed by requiring the
19 consumer to pay the tax at the specified rate even though the
20 collection of the tax for administrative and compliance purposes
21 is normally from the licensee.

22 (7) Every licensee and retailer who, on the date the
23 increased tax rate specified by subsection (3) is first effec-
24 tive, has on hand for sale any cigarettes upon which a tax of 5.5
25 mills has been previously paid shall file a complete inventory
26 ~~thereof~~ OF THOSE CIGARETTES within 20 days thereafter, and
27 shall pay to the department at the time of filing this inventory

1 a tax computed at the rate of 5 mills per cigarette for
2 cigarettes upon which a tax of 5.5 mills has been previously
3 paid. All pertinent provisions of this act relative to the col-
4 lection, verification, and administration of the tax imposed by
5 subsection (2) shall be applicable to the tax imposed by this
6 subsection.

7 (8) EFFECTIVE JANUARY 1, 1988, THE TAX IMPOSED PURSUANT TO
8 SUBSECTIONS (2) AND (3) FOR EACH CIGARETTE SOLD IN THIS STATE
9 SHALL BE INCREASED BY 2.5 MILLS TO 13 MILLS.

10 (9) IF ON THE DATE THE INCREASED TAX RATE SPECIFIED BY SUB-
11 SECTION (8) IS EFFECTIVE A LICENSEE OR RETAILER HAS ON HAND FOR
12 SALE ANY CIGARETTES UPON WHICH A TAX OF 10.5 MILLS HAS BEEN PAID,
13 THE LICENSEE OR RETAILER SHALL FILE A COMPLETE INVENTORY OF THOSE
14 CIGARETTES WITHIN 20 DAYS AND SHALL PAY TO THE DEPARTMENT AT THE
15 TIME OF THE FILING OF THE INVENTORY A TAX COMPUTED AT THE RATE OF
16 2.5 MILLS FOR EACH OF THOSE CIGARETTES. ALL PERTINENT PROVISIONS
17 OF THIS ACT RELATIVE TO THE COLLECTION, VERIFICATION, AND ADMIN-
18 ISTRATION OF THE TAX IMPOSED BY SUBSECTION (2) SHALL BE APPLICA-
19 BLE TO THE TAX IMPOSED BY THIS SUBSECTION.