

SENATE BILL No. 1046

November 29, 1988, Introduced by Senators FAXON, SEDERBURG,
DE GROW, SCHWARZ, GEAKE, POLLACK, CHERRY and MILLER and
referred to the Committee on Finance.

A bill to amend section 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,"

as amended by Act No. 219 of the Public Acts of 1987, being section 205.520 of the Michigan Compiled Laws; and to add section 7b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 20 of Act No. 265 of the Public Acts of
2 1947, as amended by Act No. 219 of the Public Acts of 1987, being
3 section 205.520 of the Michigan Compiled Laws, is amended and
4 section 7b is added to read as follows:

5 SEC. 7B. (1) EFFECTIVE JANUARY 1, 1989, THE TAX IMPOSED
6 PURSUANT TO SECTIONS 7(2) AND (3) AND 7A FOR EACH CIGARETTE SOLD
7 IN THIS STATE SHALL BE INCREASED BY .5 MILLS TO 13 MILLS.

8 (2) IF ON THE DATE THE INCREASED TAX RATE SPECIFIED BY SUB-
9 SECTION (1) IS EFFECTIVE, A LICENSEE OR RETAILER HAS ON HAND FOR
10 SALE ANY CIGARETTES UPON WHICH A TAX OF 12.5 MILLS HAS BEEN PAID,
11 THE LICENSEE OR RETAILER SHALL FILE A COMPLETE INVENTORY OF THOSE
12 CIGARETTES WITHIN 20 DAYS AND SHALL PAY TO THE DEPARTMENT AT THE
13 TIME OF THE FILING OF THE INVENTORY A TAX COMPUTED AT THE RATE OF
14 .5 MILLS FOR EACH OF THOSE CIGARETTES. ALL PERTINENT PROVISIONS
15 OF THIS ACT RELATIVE TO THE COLLECTION, VERIFICATION, AND ADMIN-
16 ISTRATION OF THE TAX IMPOSED BY SECTION 7(2) SHALL BE APPLICABLE
17 TO THE TAX IMPOSED BY THIS SUBSECTION.

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

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

1 (3) The collections each fiscal year from the imposition of
2 the tax under section 7(3) and (7) shall be deposited in a
3 working capital reserve account of the state general fund hereby
4 created in the state treasury. Collections deposited in the
5 working capital reserve account in the state general fund shall
6 not be appropriated until the state fiscal year in which the fol-
7 lowing applicable conditions occur:

8 (a) The accounting procedures of the state are revised to
9 provide for the accrual of personal income tax refund liabilities
10 for an income tax year to those periods to which the personal
11 income tax revenues for the income tax year are accrued.

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

18 (4) The collections each fiscal year from the imposition of
19 the tax under section 7a(1) and (2) shall be deposited in the
20 health and safety fund created in the health and safety fund
21 act.

22 (5) THE COLLECTIONS EACH FISCAL YEAR FROM THE IMPOSITION OF
23 THE TAX UNDER SECTION 7B SHALL BE DEPOSITED IN THE OLDER PERSON'S
24 PHARMACEUTICAL ASSISTANCE FUND IN THE STATE TREASURY.

25 Section 2. This amendatory act shall not take effect unless
26 House Bill No. 5659 of the 84th Legislature is enacted into law.