



Senate Fiscal Agency
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 BILL ANALYSIS

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Senate Bill 882 (Substitute S-2 as reported)
Sponsor: Senator Tom George
Committee: Commerce and Tourism

CONTENT

The bill would amend the Tobacco Products Tax Act to establish criminal and civil penalties for violations involving cigarettes or other tobacco products in quantities smaller than those subject to current penalties. The bill also would delete an exemption for secondary wholesalers from a requirement to file a return with the Department of Treasury.

The Act prescribes criminal penalties for various violations, including possessing, acquiring, transporting, or offering for sale cigarettes, other tobacco products, or counterfeit or grey market cigarettes or cigarette papers, in violation of the Act. The penalties depend on the quantity of the cigarettes or papers involved, or the aggregate wholesale value of the other tobacco product. The table below shows the current penalties as well as the proposed penalties for offenses involving smaller quantities or tobacco products of less value.

<u>Current Penalties</u>			
Quantity; Value	Offense	Maximum Fine	Max. Term
3,000 or more; \$250 or more	Felony	\$50,000	5 years
1,200-2,999; \$100 - \$249.99	Misdemeanor	\$5,000	1 year
<u>Proposed Penalties</u>			
600 - 1,199; \$50 - \$99.99	Misdemeanor	\$1,000	90 days
201 - 599; \$25 - \$49.99	Civil Infraction	\$100	NA

MCL 205.422 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on local government. Currently, if a person commits a violation of the Act for which a penalty is not provided, the offense is a misdemeanor punishable by a fine of up to \$1,000 or five times the retail value of the tobacco products involved, whichever is greater, or imprisonment for up to one year, or both. There are no data to indicate how many offenders would be convicted of, or found civilly responsible for, violations involving fewer than 1,200 cigarettes or papers, or products worth less than \$100. To the extent that the bill resulted in decreased incarceration time, local governments would incur decreased costs of incarceration in local facilities, which vary by county. The bill also could result in lower penal fines, which benefit public libraries. In addition, the bill could lead to an increase in civil fine revenue, which would benefit public libraries.

Date Completed: 3-11-08

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