



Senate Fiscal Agency  
P.O. Box 30036  
Lansing, Michigan 48909-7536



## BILL ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986

Senate Bill 970 (Substitute S-2 as reported by the Committee of the Whole)  
Sponsor: Senator Jim Runestad  
Committee: Finance

### **CONTENT**

The bill would amend the Tobacco Products Tax Act to do the following:

- Modify or add terms and definitions, including "tobacco product", "nongigarette smoking tobacco", "unclassified acquirer", and "wholesale price".
- Prohibit a person in Michigan that was not licensed under the Act from engaging in a transaction to acquire a tobacco product that was to be brought into Michigan unless it was to be sold to or through a wholesaler or unclassified acquirer licensed under the Act.
- Specify that a retailer would be considered to have purchased or otherwise acquired a tobacco product in compliance with the proposed requirement to purchase from a wholesaler, unclassified acquirer, or secondary wholesaler if certain conditions were met.
- Eliminate a requirement that a package of tobacco products contain a notice pertaining to unpaid State taxes on the same side as the address to which the package is delivered.
- Replace various references to "cigarettes" with "tobacco products".

MCL 205.422 & 205.431

Legislative Analyst: Jeff Mann

### **FISCAL IMPACT**

The bill would increase General Fund and Medicaid Benefits Trust Fund by an unknown amount by expanding the definition of nongigarette smoking tobacco to include hookah tobacco and by improving the ability of the State to tax cigars sold by non-Michigan sellers. Limited information exists regarding sales of hookah tobacco, even at the national level. The revenue that would result from the technical changes to improve tax enforcement on non-Michigan cigar sellers is similarly unknown. However, if the bill's changes increased tax revenue on other tobacco products by 10%, it would generate approximately \$9.0 million per year, of which \$2.3 million would be directed to the General Fund and the remaining \$6.7 million would be directed to the Medicaid Benefits Trust Fund.

Date Completed: 9-29-20

Fiscal Analyst: David Zin