
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 882 (as reported without amendment)
Sponsor: Senator John J.H. Schwarz, M.D.
Committee: Appropriations

CONTENT

Senate Bill 882 would create the Tobacco Settlement Trust Fund within the Department of Treasury. The Tobacco Settlement Trust Fund would receive a portion of the funds received by the State under the terms of the November 23, 1998, master settlement agreement reached between 46 states and the United States tobacco industry. The bill would earmark 70% of the tobacco settlement funds received in FY 1999-2000, 50% of the tobacco settlement funds received in FY 2000-2001, and 25% of the tobacco settlement funds received in FY 2001-2002 and each year thereafter to the Tobacco Settlement Trust Fund. The balance of the State's tobacco settlement revenues have already been earmarked to the Michigan Merit Award Trust Fund created by Public Act 94 of 1999.

The bill also provides that the State Treasurer would have to invest excess funds in the Tobacco Settlement Trust Fund, and the interest earnings from these investments would accrue to the Trust Fund. Expenditures of the revenues deposited into the Trust Fund could occur only through an appropriation act approved by the Legislature and signed by the Governor.

FISCAL IMPACT

The bill would have no fiscal impact on State or local government. The bill would simply clarify where tobacco settlement funds not previously earmarked to the Merit Award Trust Fund would be earmarked. Under current law the remainder of the tobacco settlement funds not deposited in the Merit Award Trust Fund will be deposited into a General Fund/Special Purpose account in the Department of Treasury.

Date Completed: 12-1-99

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