

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 882

A bill to create certain funds; to provide for the operation, investment, and expenditure of certain funds; and to impose certain duties and requirements on certain state officials.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "Michigan trust fund act".

3 Sec. 2. As used in this act:

4 (a) "Medicaid benefits trust fund" means the Michigan medi-
5 caid benefits trust fund established in section 5.

6 (b) "Medicaid program" means a program for medical assist-
7 ance established under title XIX of the social security act,
8 chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396f, 1396g-1 to
9 1396r-6, and 1396r-8 to 1396v.

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1 (c) "Medicaid special financing payments" means the medicaid
2 special adjustor payments each year authorized in the department
3 of community health appropriations act.

4 (d) "Tobacco settlement revenue" means money received by
5 this state that is attributable to the master settlement agree-
6 ment incorporated into a consent decree and final judgment
7 entered into on December 7, 1998 in Kelly Ex Rel. Michigan v
8 Philip Morris Incorporated, et al., Ingham county circuit court,
9 docket no. 96-84281CZ.

10 (e) "Tobacco settlement trust fund" means the Michigan
11 tobacco settlement trust fund established in section 3.

12 Sec. 3. (1) The Michigan tobacco settlement trust fund is
13 established in the department of treasury. The tobacco settle-
14 ment trust fund shall consist only of interest and earnings from
15 the tobacco settlement trust fund investments, donations of money
16 made to the tobacco settlement trust fund from any source, and
17 the following percentages of tobacco settlement revenue:

18 (a) Seventy percent of the tobacco settlement revenue
19 received in fiscal year 1999-2000.

20 (b) Fifty percent of the tobacco settlement revenue received
21 in fiscal year 2000-2001.

22 (c) Twenty-five percent of the tobacco settlement revenue
23 received in fiscal year 2001-2002 and each subsequent fiscal
24 year.

25 (2) The state treasurer shall direct the investment of the
26 tobacco settlement trust fund.

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1 Sec. 4. The legislature shall authorize the expenditure of
2 tobacco settlement trust fund revenues through an appropriation
3 act.

4 Sec. 5. (1) The Michigan medicaid benefits trust fund is
5 established in the department of treasury. The medicaid benefits
6 trust fund shall consist only of the following:

7 (a) Interest and earnings from medicaid benefits trust fund
8 investments.

9 (b) Donations of money made to the medicaid benefits trust
10 fund from any source.

11 (c) Unexpended state restricted revenues and local revenues
12 received by the department of community health as a result of
13 additional medicaid special financing payments above the level
14 assumed in the appropriations for the fiscal years 2000, 2001,
15 and 2002.

16 (2) The state budget director shall provide a report to the
17 senate, the house of representatives, and the senate and house
18 fiscal agencies 10 days after the issuance of the comprehensive
19 annual financial report of each year that details the amount of
20 funds that are being transferred to the medicaid benefits trust
21 fund. The report shall also identify the amount of medicaid ben-
22 efits trust fund investment earnings, expenditures, and the medi-
23 caid benefits trust fund balance during the last completed fiscal
24 year.

25 (3) The state treasurer shall direct the investment of the
26 medicaid benefits trust fund.

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1 (4) Money in the medicaid benefits trust fund at the close
2 of a fiscal year shall remain in the medicaid benefits trust fund
3 and shall not revert to the general fund.

4 Sec. 6. The legislature shall authorize the expenditure of
5 medicaid benefits trust fund revenues through an appropriation
6 act only for 1 or more of the following purposes:

7 (a) To finance a shortfall in the medicaid program due to a
8 disallowance of medicaid payments from the federal government.

9 (b) To offset any decline in revenue caused by federal medi-
10 caid policy changes.