

# Legislative Analysis



## USE OF GENERAL FUND REVENUE FOR SUBSTANCE USE DISORDER TREATMENT

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 5085 (H-2) as passed by the House**  
**Sponsor: Rep. Steve Marino**  
**Committee: Health Policy**  
**Complete to 5-9-18**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 5085 would amend the Michigan Liquor Control Code to allow additional funds to be directed to Michigan's local community health agencies for the administration and delivery of substance use disorder (SUD) prevention and treatment programs, revenue permitting. Specifically, beginning with Fiscal Year 2017-2018, if the total net revenue collected in the liquor purchase revolving fund in a fiscal year exceeds the amount collected in the previous fiscal year as reported by the Liquor Control Commission in the annual financial report, 50% of that excess amount would be directed from the General Fund to community mental health entities designated by the Michigan Department of Health and Human Services (DHHS). At least 25% of these funds would have to be used for the administration and delivery of substance use disorder prevention and treatment programs not exclusively related to alcohol.

The bill would require the DHHS to explore federal funding, including grants, awards, and any federal matching funds for substance use disorder prevention and treatment programs. If these funds are available, they must be distributed to the DHHS-designated community health entities described in the bill. Any federal funds would be in addition to the earmark.

MCL 436.1221

### FISCAL IMPACT:

House Bill 5085 would have an indeterminate fiscal impact on the state because future fiscal year general fund allocations would be subject to future appropriation.

In the event that total net revenue collected under the Liquor Control Code and reported by the Liquor Control Commission exceeds the total net revenue received in the prior fiscal year, the bill would earmark a distribution equal to 50% of the increase in total net revenue to be made from the general fund to community mental health entities for substance use disorder programming. Under the bill, this distribution would begin in Fiscal Year 2017-18 and continue each fiscal year thereafter. The fourth column in the following table provides the amount that would have been earmarked had such a distribution occurred in previous fiscal years. Any additional state general fund revenue provided to community mental health entities would decrease the amount of state general fund revenue available for other state general fund supported activities.

	Reported Net Revenue	Increase (Decrease) From Prior Year	50% Distribution
FY 2015-16	\$432,600,000	\$29,100,000	\$14,550,000
FY 2014-15	\$403,500,000	\$23,900,000	\$11,950,000
FY 2013-14	\$379,600,000	\$16,500,000	\$8,250,000
FY 2012-13	\$363,100,000	\$600,000	\$300,000

The state relies on local units of government, specifically the ten regional Prepaid Inpatient Health Plans (PIHPs), to administer and provide substance use disorder programming, and so the PIHPs could receive additional state funding each year equal to 4% of total net revenue received by the Liquor Control Commission. To the degree that any additional general funds provided to the PIHPs can generate additional federal revenues, the local PIHPs would also receive those additional federal revenues. The primary federal funds available for substance use disorder services are Medicaid matching funds and the Substance Abuse and Treatment Block Grant.

## DISCUSSION:

Proponents supported the bill as an attempt to bridge the funding gaps for SUD prevention and treatment. They argued that SUDs result in social and emotional issues including: job loss, poverty, homelessness, child abuse and neglect, suicide, property crimes, incarceration, and severe health issues. Further, they argued that the bill would offer a sustainable, predictable, and dedicated funding stream for SUDs in Michigan.

## POSITIONS:

Representatives of the following organizations testified in support of the bill:

- Substance Abuse Prevention and Treatment Directors of Michigan (1-24-18)
- Community Mental Health Association of Michigan (1-24-18)
- Michigan Alcohol Policy Promoting Health and Safety Organization (1-24-18)

The Michigan Association of Counties supports the bill. (1-31-18)

The State Budget Office opposes the bill. (1-31-18)

Legislative Analyst: Jenny McInerney  
Fiscal Analysts: Marcus Coffin  
Kevin Koorstra

---

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.