

Legislative Analysis



CALCULATION OF INFLATION ADJUSTMENT

Phone: (517) 373-8080
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House Bill 4817 as introduced
Sponsor: Rep. Tenisha Yancey
Committee: Tax Policy
Complete to 5-11-21

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

SUMMARY:

House Bill would amend the Tobacco Products Tax Act to codify the inflation adjustment applied to the amount collected in taxes on cigarette sales and deposited into the Michigan State Capitol Historic Site Fund.

2014 PA 272¹ amended the annual distribution of the tax imposed on cigarette sales. Beginning in 2014-15, \$3.0 million of that tax collected had to be deposited in the Michigan State Capitol Historic Site Fund. For subsequent years, the state treasurer was required to adjust that amount to reflect the cumulative annual percentage change in the Consumer Price Index (CPI). In other words, the amount is adjusted upward annually to account for inflation. (2016 PA 309² amended the act to provide that the amount could not be adjusted downward in the event of a negative cumulative annual CPI percent change.)

The bill specifies that the CPI used to determine the amount deposited is the CPI for the calendar year ending within the fiscal year (as is current practice).

MCL 205.432

FISCAL IMPACT:

Because the bill simply codifies the inflation calculation for the Michigan State Capitol Historic Site Fund transfer, there would be no state or local fiscal impact.

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■ 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.

¹ House Fiscal Agency summary of 2014 PA 272/Senate Bill 678 (subsequently amended on the House floor to include a reporting requirement): <http://www.legislature.mi.gov/documents/2013-2014/billanalysis/House/pdf/2013-HLA-0678-F61423F5.pdf>

² House Fiscal Agency summary of 2016 PA 309/Senate Bill 956: <http://www.legislature.mi.gov/documents/2015-2016/billanalysis/House/pdf/2015-HLA-0956-82E69B42.pdf>