

Legislative Analysis



TOBACCO SETTLEMENT REVENUE: EXTEND SUNSET ON 21st CENTURY JOBS TRUST FUND DEPOSIT

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

House Bill 5006 (proposed substitute H-1)

Sponsor: Rep. Will Snyder

Committee: Appropriations

Complete to 9-18-23

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

SUMMARY:

House Bill 5006 would amend the Michigan Trust Fund Act to extend through FY 2025-26 a requirement that \$75.0 million in tobacco settlement revenue be deposited annually into the 21st Century Jobs Trust Fund. Under current law, the annual deposit of \$75.0 million into the 21st Century Jobs Trust Fund (21st CJTF) would end in FY 2022-23.

MCL 12.257

BACKGROUND:

The 21st CJTF and corresponding 21st CJTF programs were established in 2005 to promote economic development and job creation throughout Michigan. Over the ten-year period of funding agreed upon at the time of passage, the 21st CJTF was allocated approximately \$1.0 billion. In FY 2005-06 and FY 2006-07, \$394.0 million was deposited in the 21st CJTF, with an additional \$600.0 million deposited over the next eight years ending in FY 2014- 15.

2014 PA 504 extended the sunset for the first time from FY 2014-15 to FY 2018-19. 2018 PA 577 extended the sunset for a second time from FY 2018-19 to FY 2022-23.

FISCAL IMPACT:

The bill would increase 21st CJTF revenues by \$225.0 million over the three-year period. Under current law, once the \$75.0 million tobacco settlement revenue deposit ended in FY 2022-23, the corresponding revenue would be deposited in the Merit Award Trust Fund. Under statute, the Merit Award Trust Fund is used to fund the Michigan Merit Award scholarships and associated administrative expenditures, the tuition incentive program, or other purposes as determined by law.

Today, the corpus of the 21st CJTF consists only of the annual \$75.0 million deposit and any donations of money made to the fund. The legislature annually appropriates the entire balance of the 21st CJTF deposit for economic development and tourism promotion.

Table 1 provides FY 2022-23 allocations from the 21st CJTF. These appropriations were made in the Labor and Economic Opportunity Budget. The purpose and distribution of the 21st CJTF is determined annually by the legislature in an appropriations act.

Table 1
21st Century Jobs Trust Fund FY 2022-23
Programs

Program	21st CJTF	GF/GP	TOTAL
Business Attraction and Community Revitalization	\$59,350,000	\$40,650,000	\$100,000,000
Entrepreneurship Eco-System	15,650,000	0	15,650,000
TOTAL	\$75,000,000	\$40,650,000	\$115,650,000

Fiscal Analyst: Viola Bay Wild

■ 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.