

**MICHIGAN TRUST FUND ACT**  
**Act 489 of 2000**

AN ACT to create certain funds; to provide for the allocation of certain revenues among certain funds and for the operation, investment, and expenditure of certain funds; and to impose certain duties and requirements on certain state officials.

**History:** 2000, Act 489, Imd. Eff. Jan. 11, 2001;—Am. 2005, Act 232, Imd. Eff. Nov. 21, 2005.

*The People of the State of Michigan enact:*

**12.251 Short title.**

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

**History:** 2000, Act 489, Imd. Eff. Jan. 11, 2001.

**12.252 Definitions.**

Sec. 2. As used in this act:

(a) "Community district education trust fund" means the community district education trust fund created in section 12.

(b) "Flint settlement trust fund" means the Flint settlement trust fund created in section 11.

(c) "Local government reimbursement fund" means the local government reimbursement fund created in section 3a.

(d) "Medicaid benefits trust fund" means the Michigan Medicaid benefits trust fund established in section 5.

(e) "Medicaid program" means a program for medical assistance established under title XIX of the social security act, 42 USC 1396 to 1396w-6.

(f) "Medicaid special financing payments" means the Medicaid special adjustor payments each year authorized in the department of health and human services appropriations act.

(g) "Michigan merit award trust fund" means the Michigan merit award trust fund established in section 9.

(h) "Michigan opioid healing and recovery fund" means the Michigan opioid healing and recovery fund created in section 3.

(i) "Strategic outreach and attraction reserve fund" means the strategic outreach and attraction reserve fund created in section 4.

(j) "Tobacco settlement revenue" means money received by this state that is attributable to the master settlement agreement incorporated into a consent decree and final judgment entered into on December 7, 1998 in *Kelly Ex Rel. Michigan v Philip Morris Incorporated, et al.*, Ingham County Circuit Court, docket no. 96-84281CZ, including any rights to receive money attributable to the master settlement agreement that has been sold by this state.

(k) "21st century jobs trust fund" means the 21st century jobs trust fund established in section 7.

**History:** 2000, Act 489, Imd. Eff. Jan. 11, 2001;—Am. 2005, Act 232, Imd. Eff. Nov. 21, 2005;—Am. 2016, Act 193, Imd. Eff. June 21, 2016;—Am. 2020, Act 359, Imd. Eff. Dec. 30, 2020;—Am. 2021, Act 137, Eff. Dec. 27, 2021;—Am. 2022, Act 83, Imd. Eff. May 19, 2022;—Am. 2023, Act 174, Imd. Eff. Oct. 24, 2023.

**12.253 Michigan opioid healing and recovery fund.**

Sec. 3. (1) The Michigan opioid healing and recovery fund is created in the department of treasury.

(2) The state treasurer shall deposit all proceeds received by this state as a result of any judgment, settlement, or compromise of claims pertaining to violations, or alleged violations, of law related to the manufacture, marketing, distribution, dispensing, or sale of opioids into the Michigan opioid healing and recovery fund, except for proceeds received under the Medicaid false claim act. The state treasurer may deposit money or other assets from any other source into the Michigan opioid healing and recovery fund as provided by law.

(3) The state treasurer shall direct the investment of the Michigan opioid healing and recovery fund consistent with 1855 PA 105, MCL 21.141 to 21.147, and shall credit interest and earnings from the investments to the Michigan opioid healing and recovery fund.

(4) Money in the Michigan opioid healing and recovery fund at the close of the fiscal year must remain in the Michigan opioid healing and recovery fund and must not lapse to the general fund.

(5) The department of treasury is the administrator of the Michigan opioid healing and recovery fund for audits of the fund.

(6) Subject to subsection (7), the department of treasury shall expend money from the Michigan opioid

healing and recovery fund, on appropriation, in a manner and for purposes consistent with the opioid judgment, settlement, or compromise of claims from which the money was received.

(7) Money in the Michigan opioid healing and recovery fund must be used to create or supplement programs or services. The money must not be used to replace any other governmental funds that would otherwise have been appropriated or expended for any other program or service.

(8) Subject to subsection (9), the department of the attorney general may expend money from the Michigan opioid healing and recovery fund, on appropriation, to pay for costs and reasonable attorney fees incurred in the pursuit of an opioid judgment, settlement, or compromise of claims, except for a pursuit under the Medicaid false claim act.

(9) If possible, the department of the attorney general shall attempt to have costs and attorney fees described in subsection (8) paid by a defendant or source other than the Michigan opioid healing and recovery fund.

(10) As used in this section, "Medicaid false claim act" means the Medicaid false claim act, 1977 PA 72, MCL 400.601 to 400.615.

**History:** Add. 2022, Act 83, Imd. Eff. May 19, 2022.

**Compiler's note:** Former MCL 12.253, which pertained to establishment of Michigan tobacco settlement trust fund, was repealed by Act 232 of 2005, Imd. Eff. Nov. 21, 2005.

### **12.253a Local government reimbursement fund.**

Sec. 3a. (1) The local government reimbursement fund is created in the state treasury.

(2) The state treasurer shall deposit money and assets received under section 21(7) of the use tax act, 1937 PA 94, MCL 205.111, or from any other source in the fund. The state treasurer shall direct the investment of money in the fund and credit interest and earnings from the investments to the fund.

(3) Money in the fund at the close of the fiscal year remains in the fund and does not lapse to the general fund.

(4) The department of treasury is the administrator of the fund for audits of the fund.

(5) The department of treasury shall expend money from the fund, upon appropriation, only for the purpose of compensating municipalities as described in this subsection. Subject to subsection (6), on or before May 31, 2024, and on or before May 31 of each year thereafter, the department of treasury shall compensate municipalities for the revenue lost during the immediately preceding property tax year as a result of exemptions claimed under section 9o(2)(b) of the general property tax act, 1893 PA 206, MCL 211.9o, as determined by the department of treasury.

(6) If the money in the fund is insufficient to fully compensate all municipalities that lost revenue as described in subsection (5), payments from the fund must be prorated amongst those municipalities.

(7) As used in this section:

(a) "Fund" means the local government reimbursement fund created in subsection (1).

(b) "Municipality" means that term as defined in section 5 of the local community stabilization authority act, 2014 PA 86, MCL 123.1345.

**History:** Add. 2023, Act 174, Imd. Eff. Oct. 24, 2023.

### **12.254 Strategic outreach and attraction reserve fund.**

Sec. 4. (1) The strategic outreach and attraction reserve fund is created in the department of labor and economic opportunity.

(2) The state treasurer shall deposit money and other assets received from state appropriations or from any other source in the strategic outreach and attraction reserve fund. The state treasurer shall direct the investment of money in the strategic outreach and attraction reserve fund and interest and earnings from the investments must be deposited in the strategic outreach and attraction reserve fund. Money in the strategic outreach and attraction reserve fund that is restricted, obligated, or committed at the close of the fiscal year must remain in the strategic outreach and attraction reserve fund and does not lapse to the general fund.

(3) The department of labor and economic opportunity is the administrator of the strategic outreach and attraction reserve fund for audits of the strategic outreach and attraction reserve fund.

(4) Money must only be expended from the strategic outreach and attraction reserve fund pursuant to an appropriation authorized by law or by a legislative transfer under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393, for either of the following purposes:

(a) For the critical industry program created in section 88s of the Michigan strategic fund act, 1984 PA 270, MCL 125.2088s.

(b) For the Michigan strategic site readiness program created in section 88t of the Michigan strategic fund act, 1984 PA 270, MCL 125.2088t.

(5) Not later than March 15 of each year, the department of labor and economic opportunity shall transmit to each member of the legislature, the governor, the clerk of the house of representatives, the secretary of the senate, and the senate and house fiscal agencies a report on the activities of the strategic outreach and attraction reserve fund.

**History:** Add. 2021, Act 137, Eff. Dec. 27, 2021.

**Compiler's note:** Former MCL 12.254, which pertained to expenditure of tobacco settlement trust fund revenues, was repealed by Act 232 of 2005, Imd. Eff. Nov. 21, 2005.

### **12.255 Michigan medicaid benefits trust fund.**

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

- (a) Interest and earnings from medicaid benefits trust fund investments.
- (b) Donations of money made to the medicaid benefits trust fund from any source.
- (c) Unexpended state restricted revenues and local revenues received by the department of community health as a result of additional medicaid special financing payments above the level assumed in the appropriations for the fiscal years 2000, 2001, and 2002.

(2) The state budget director shall provide a report to the senate, the house of representatives, and the senate and house fiscal agencies 10 days after the issuance of the comprehensive annual financial report of each year that details the amount of funds that are being transferred to the medicaid benefits trust fund. The report shall also identify the amount of medicaid benefits trust fund investment earnings, expenditures, and the medicaid benefits trust fund balance during the last completed fiscal year.

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

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

**History:** 2000, Act 489, Imd. Eff. Jan. 11, 2001.

### **12.256 Expenditure of medicaid benefits trust fund revenues.**

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

- (a) To finance a shortfall in the medicaid program due to a disallowance of medicaid payments from the federal government.
- (b) To offset any decline in revenue caused by federal medicaid policy changes.

**History:** 2000, Act 489, Imd. Eff. Jan. 11, 2001.

### **12.257 21st century jobs trust fund; establishment; investment; money remaining at close of fiscal year; deposit of interest and earnings; Michigan tobacco settlement revenue; deposit.**

Sec. 7. (1) The 21st century jobs trust fund is established in the department of treasury. The 21st century jobs trust fund consists of donations of money made to the 21st century jobs trust fund from any source and all of the following:

(a) To the extent provided in section 8(1) of the Michigan tobacco settlement finance authority act, 2005 PA 226, MCL 129.268, the net proceeds of the sale of tobacco settlement revenues to the tobacco settlement finance authority under the Michigan tobacco settlement finance authority act, 2005 PA 226, MCL 129.261 to 129.279.

(b) Amounts appropriated from the general fund in section 89b(1) of the Michigan strategic fund act, 1984 PA 270, MCL 125.2089b.

(c) Amounts deposited in the 21st century jobs trust fund in accordance with section 31 or 33 of the Michigan early stage venture investment act of 2003, 2003 PA 296, MCL 125.2261 and 125.2263.

(2) The state treasurer shall direct the investment of the 21st century jobs trust fund, which may be invested as part of the common cash of this state under 1967 PA 55, MCL 12.51 to 12.53, but must be separately accounted for by the state treasurer. The state treasurer may invest the money or assets of the 21st century jobs trust fund in any investment authorized under 1855 PA 105, MCL 21.141 to 21.147, for surplus funds of this state, in obligations issued by any state or political subdivision or instrumentality of the United States, or in any obligation issued, assumed, or guaranteed by a solvent entity created or existing under the laws of the United States or of any state, district, or territory of the United States that are not in default as to principal or interest. In addition, the state treasurer shall comply with the divestment from terror act, 2008 PA 234, MCL 129.291 to 129.301, in making investments under this section.

(3) Except as provided in subsection (4), money in the 21st century jobs trust fund at the close of a fiscal

year remains in the 21st century jobs trust fund and does not revert to the general fund.

(4) Interest and earnings from investment of the 21st century jobs trust fund must be deposited in the general fund.

(5) Beginning in fiscal year 2008, and through fiscal year 2026, each fiscal year, \$75,000,000.00 of the tobacco settlement revenue received by this state that is not considered a TSR, as that term is defined under the Michigan tobacco settlement finance authority act, 2005 PA 226, MCL 129.261 to 129.279, must be deposited into the 21st century jobs trust fund.

(6) Beginning in fiscal year 2015, and through fiscal year 2035, each year, \$17,500,000.00 of the tobacco settlement revenue received by this state that is not considered a TSR, as that term is defined under the Michigan tobacco settlement finance authority act, 2005 PA 226, MCL 129.261 to 129.279, must be deposited into the countercyclical budget and economic stabilization fund created in section 351 of the management and budget act, 1984 PA 431, MCL 18.1351.

(7) The state treasurer shall transfer and disburse money from the 21st century jobs trust fund in accordance with section 8.

**History:** Add. 2005, Act 232, Imd. Eff. Nov. 21, 2005;—Am. 2007, Act 50, Imd. Eff. Aug. 14, 2007;—Am. 2008, Act 99, Imd. Eff. Apr. 18, 2008;—Am. 2008, Act 256, Imd. Eff. Aug. 4, 2008;—Am. 2009, Act 62, Imd. Eff. July 2, 2009;—Am. 2009, Act 183, Imd. Eff. Dec. 17, 2009;—Am. 2014, Act 186, Imd. Eff. June 20, 2014;—Am. 2014, Act 504, Imd. Eff. Jan. 14, 2015;—Am. 2018, Act 577, Eff. Mar. 29, 2019;—Am. 2020, Act 171, Imd. Eff. Oct. 1, 2020;—Am. 2023, Act 139, Imd. Eff. Sept. 29, 2023;—Am. 2024, Act 188, Eff. Apr. 2, 2025.

### **12.258 Transfer and disbursement of funds; purpose.**

Sec. 8. (1) Except as otherwise provided in subsection (2), on request from the fund board, as that term is defined in section 88a of the Michigan strategic fund act, 1984 PA 270, MCL 125.2088a, the state treasurer shall transfer and disburse money from the 21st century jobs trust fund on appropriation only for the purpose of carrying out and at the specified time and as necessary to implement programs under chapter 8A, chapter 8B, and chapter 8C of the Michigan strategic fund act, 1984 PA 270, MCL 125.2088 to 125.2090d.

(2) The money described in subsection (1)(c) of section 7 may be transferred and disbursed under subsection (1) only for the purpose of the Michigan innovation fund program created in section 88u of the Michigan strategic fund act, 1984 PA 270, MCL 125.2088u.

**History:** Add. 2005, Act 232, Imd. Eff. Nov. 21, 2005;—Am. 2008, Act 102, Imd. Eff. Apr. 18, 2008;—Am. 2009, Act 183, Imd. Eff. Dec. 17, 2009;—Am. 2011, Act 254, Imd. Eff. Dec. 13, 2011;—Am. 2014, Act 504, Imd. Eff. Jan. 14, 2015;—Am. 2024, Act 188, Eff. Apr. 2, 2025.

### **12.259 Michigan merit award trust fund; establishment; money remaining at close of fiscal year; investment; allocation of tobacco settlement revenue.**

Sec. 9. (1) The Michigan merit award trust fund is established in the department of treasury. The Michigan merit award trust fund shall consist only of interest and earnings from Michigan merit award trust fund investments, donations of money made to the trust fund from any source, and any money allocated as provided by law.

(2) Money in the Michigan merit award trust fund at the close of a fiscal year shall remain in the Michigan merit award trust fund and shall not revert to the general fund.

(3) The state treasurer shall direct the investment of the Michigan merit award trust fund.

(4) Except as otherwise provided in section 7(5) and section 12(6), each fiscal year, tobacco settlement revenue received by this state that is not considered a TSR as that term is defined under the Michigan tobacco settlement finance authority act shall be allocated to the Michigan merit award trust fund.

**History:** Add. 2005, Act 232, Imd. Eff. Nov. 21, 2005;—Am. 2016, Act 193, Imd. Eff. June 21, 2016.

### **12.260 Michigan merit award trust fund; disbursement of funds; purpose.**

Sec. 10. Upon appropriation, the state treasurer shall disburse funds from the Michigan merit award trust fund for 1 or more of the following purposes:

(a) Michigan merit award scholarships under the Michigan merit award scholarship act, 1999 PA 94, MCL 390.1451 to 390.1459, or to a successor to that program.

(b) Expenses properly incurred in the administration of the Michigan merit award scholarships and the test by which awardees of the Michigan merit award scholarships are determined.

(c) Funding of the tuition incentive program as described in section 310 of 1998 PA 271 or a successor to that program.

(d) Funding of the Michigan nursing scholarship program as described in the Michigan nursing scholarship act, 2002 PA 591, MCL 390.1181 to 390.1189.

(e) Other expenditures as determined by law.

**History:** Add. 2005, Act 232, Imd. Eff. Nov. 21, 2005.

#### **12.261 Flint settlement trust fund.**

Sec. 11. (1) The Flint settlement trust fund is created within the state treasury. The Flint settlement trust fund is established to address the consolidated cases known as *In re Flint Water Cases*, No. 5:16-cv-10444-JEL-MKM (ED Mich), in connection with the preliminary approval orders, any amendments to those orders, or the subsequent final approval orders, that will be entered by the court pursuant to this state's settlement agreement for that case and its related Flint water cases.

(2) The state treasurer may receive money or other assets from any source for deposit into the Flint settlement trust fund. The state treasurer shall direct the investment of the Flint settlement trust fund. The state treasurer shall credit to the Flint settlement trust fund interest and earnings from Flint settlement trust fund investments.

(3) Money in the Flint settlement trust fund at the close of the fiscal year shall remain in the Flint settlement trust fund and shall not lapse to the general fund.

(4) The department of treasury shall be the administrator of the Flint settlement trust fund for auditing purposes.

(5) The department of treasury shall expend money from the Flint settlement trust fund, upon appropriation, only as provided in this section.

(6) It is the intent of the legislature to appropriate for state purposes and allocate to the Flint settlement trust fund, for the purposes of making an annual payment to the Special Purpose FWC Settlement Entity, pursuant to the settlement agreement approved in the court orders described in subsection (1), the sum of approximately \$35,000,000.00 from the general fund for each state fiscal year commencing with fiscal year 2021-2022 and through the fiscal year ending September 30, 2051, after which time these payments will cease. The governor shall annually include the amount described in this subsection in his or her executive budget consistent with the orders of the court.

(7) The Flint settlement trust fund shall pay the amounts allocated under this section to the Special Purpose FWC Settlement Entity as provided in the settlement agreement approved in the court orders described in subsection (1). The Special Purpose FWC Settlement Entity may pledge and assign amounts paid and payable under this section in connection with 1 or more loans entered into by it as provided in the Michigan strategic fund act, 1984 PA 270, MCL 125.2001 to 125.2094, and to pay the expenses, costs, and fees associated with the Special Purpose FWC Settlement Entity. The Special Purpose FWC Settlement Entity may not otherwise pledge or assign those payments for any other purpose. A pledge or assignment made under this subsection shall be conclusively presumed to be valid for all purposes unless challenged in an action brought in the court of appeals within 30 days after the pledge or assignment. All challenges shall be heard and determined as expeditiously as possible with priority over other matters. Consideration by the court of appeals shall be based solely on the record before the settlement was approved by the court and briefs to the court shall be limited to whether the pledge or assignment conforms to the state constitution of 1963, the laws of this state, and the laws of the United States and is within the authority of the Flint settlement trust fund under this act and the Michigan strategic fund act, 1984 PA 270, MCL 125.2001 to 125.2094.

(8) The amounts paid and payable under this section represent offers of settlement and compromise of any claim or claims that were or could have been asserted by the plaintiffs in *In re Flint Water Cases*, No. 5:16-cv-10444-JEL-MKM (ED Mich) in full satisfaction of those claims. This section shall not be construed to constitute an admission of liability to the plaintiffs or a waiver of any defense that is or would have been available to this state or its agencies, employees, or agents in any litigation or future litigation with a plaintiff.

(9) As used in this section, "Special Purpose FWC Settlement Entity" means the Special Purpose FWC Settlement Entity described in the settlement agreement approved by the court in *In re Flint Water Cases*, No. 5:16-cv-10444-JEL-MKM (ED Mich).

**History:** Add. 2020, Act 359, Imd. Eff. Dec. 30, 2020.

#### **12.262 Community district education trust fund; creation; deposit of money or other assets; investment; money remaining at close of fiscal year; expenditures; "community district" defined; deposit of tobacco settlement revenue; limitation; reimbursement from general fund.**

Sec. 12. (1) The community district education trust fund is created within the state treasury.

(2) The state treasurer may receive money or other assets from any source for deposit into the fund. The state treasurer shall direct the investment of the community district education trust fund. The state treasurer shall credit to the community district education trust fund interest and earnings from community district

education trust fund investments.

(3) Money in the community district education trust fund at the close of the fiscal year shall remain in the community district education trust fund and shall not lapse to the general fund.

(4) The department of treasury shall be the administrator of the community district education trust fund for auditing purposes.

(5) The department of treasury shall expend money from the community district education trust fund, upon appropriation, only to offset, directly or indirectly, the absence of local school operating revenue in a community district in the funding of the state portion of foundation allowances under section 22b of the state school aid act of 1979, 1979 PA 94, MCL 388.1622b. As used in this subsection, "community district" means that term as defined in section 3 of the revised school code, 1976 PA 451, MCL 380.3.

(6) Subject to the limitation in this subsection, beginning in fiscal year 2017 and each fiscal year thereafter, \$72,000,000.00 of the tobacco settlement revenue received by this state that is not considered a TSR as that term is defined under the Michigan tobacco settlement finance authority act, 2005 PA 226, MCL 129.261 to 129.279, shall be deposited into the community district education trust fund to be used only as provided in subsection (5). The total amount deposited into the community district education trust fund pursuant to this subsection shall not exceed \$617,000,000.00.

(7) To the extent that the amount deposited into the community district education trust fund pursuant to subsection (6) is less than the amount necessary to offset the absence of local school operating revenue in a community district in the funding of the state portion of foundation allowances under section 22b of the state school aid act of 1979, 1979 PA 94, MCL 388.1622b, and for as long as that community district is prohibited under section 386 of the revised school code, 1976 PA 451, MCL 380.386, from levying a school operating tax, the general fund shall reimburse the school aid fund.

**History:** Add. 2016, Act 193, Imd. Eff. June 21, 2016.