



**Senate Fiscal Agency**  
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BILL ANALYSIS



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Senate Bill 533 (as reported without amendment)  
Sponsor: Senator Robert Geake  
Committee: Finance

### **CONTENT**

The bill would amend the Tobacco Products Tax Act to revise procedures that must be followed regarding the forfeiture of tobacco products and property seized under the Act. Further, the bill would allow the State Treasurer to compensate a person (who was not an employee or officer of the State or a political subdivision) who furnished information of a violation of the Act, that resulted in the collection or recovery of any tax or penalty or led to the forfeiture of cigarettes or property; compensation could not exceed 10% of the net amount received from the sale of the seized items, up to \$5,000.

Currently, after the seizure of any tobacco product and property alleged to be in violation of the Act, upon the receipt of an inventory statement of the property or the publication in a newspaper of the statement, the person from whom the seizure was made has five days to demand a hearing. The bill provides that the person would have 10 business days to demand a hearing. Further, the bill would require the Department of Treasury to hold the hearing within 15 business days after receiving a request for a hearing, and to render its decision within 10 business days of the hearing. Currently, the Act does not specify a time within which the Department must hold a hearing or render a decision.

The bill provides that if a person from whom property was seized did not file a demand for a hearing within 10 business days after service of the inventory statement, the property would be considered forfeited and could be disposed of by the Department. Currently, if the person has not demanded a hearing within five days, the property is considered forfeited.

MCL 205.429

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

The fiscal impact of this bill is very difficult to quantify. With the large increase in the State's cigarette tax, from \$.25 to \$.75 per pack, effective May 1, 1994, the amount of tobacco products that are in violation of the Tobacco Products Tax Act is increasing as is the level of enforcement by the Department of Treasury, the State Police, and the Attorney General. Therefore, the revenue directly derived by the State from identifying, seizing, and selling tobacco products that have avoided the State tax, is expected to increase significantly compared with past experience, but by how much is not known. Current law requires that all revenue derived from the sale of confiscated or forfeited tobacco products be credited to the State's General Fund. In FY 1993-94, the General Fund revenue account entitled "Revenue from the sale of confiscated cigarettes" contained only \$6,235.

Date Completed: 5-18-95

Fiscal Analyst: J. Wortley

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