



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

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STATE TREASURER

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NOTICE FOR THOSE OPERATING, OR PERMITTING OTHERS TO OPERATE, CIGARETTE MAKING MACHINES IN MICHIGAN FOLLOWING THE ENACTMENT OF PUBLIC ACT 188 OF 2012

Recent changes in Michigan law (Public Act 188 of 2012) have reinforced the Department of Treasury's position that a person who operates a cigarette making machine is subject to the laws, taxes, and fees that govern cigarette manufacturers. A "cigarette making machine" is a machine or mechanical device (commercial-grade or designed or suitable for commercial use, primarily operated by a power source other than human power, such as electricity) that is loaded with loose tobacco and cigarette tubes or cigarette papers for the purpose of producing, filling, rolling, dispensing, or otherwise generating cigarettes. A person operating or permitting others—including customers—to operate such a machine is a "manufacturer" of tobacco products in Michigan and therefore must obtain a "manufacturer" license under the Michigan Tobacco Products Tax Act (TPTA).

Those who produce or otherwise generate cigarettes by operating a machine or mechanical device (NOT a "cigarette making machine") in their dwelling and meet the exception for "self-consumption" under Public Act 188 of 2012 are exempt from that licensure requirement.

A manufacturer of cigarettes, as described above, is required under MCL 205.426c to establish and fund a qualified escrow account, submit to the Michigan Department of Treasury a certification of compliance, and provide copies of the certification of compliance to the Michigan Attorney General. In addition, a manufacturer of cigarettes as described above is subject to the equity assessment outlined in MCL 205.426d. Failure to comply with any of these statutory requirements can lead to criminal and civil penalties, including revocation of any existing tobacco tax licenses.

It is a violation of Michigan law to sell or possess packages of cigarettes that do not have a Michigan cigarette tax stamp affixed. Retailers or others who sell or possess packages of cigarettes without a proper tax stamp are subject to the penalty, seizure and forfeiture provisions set forth in the TPTA.

If you have any questions regarding this Notice, or if you wish to report operation of a "cigarette making machine," please contact the Department of Treasury Tobacco Tax Unit at (517) 636-4630. Information is also available at www.michigan.gov/taxes.