POLICY TITLE:	PA2 FUNDS DISTRIBUTION	POLICY #12.4		
Topic Area:	**SUBSTANCE USE DISORDER PREVENTION AND TREATMENT**		**REVIEW DATES**	
Applies to:	SUD providers, CMHSP Members, and Oversight Policy Board Members	**ISSUED BY:** Chief Executive Officer	12/16/21	1/8/2025
Developed and Maintained by:	CEO and Designee	**APPROVED BY:** Board of Directors		
Supersedes:	N/A	**Effective Date:** 4/19/2018	**Revised Date:** 1/8/2025	

I. PURPOSE

Per Public Act 206 of 1893, Section 24e, Paragraph 11, as amended, Lakeshore Regional Entity (LRE) receives liquor tax funds, also known as PA2 funds, from each of the seven counties in the region (Allegan, Kent, Muskegon, Lake, Mason, Oceana and Ottawa). The PA2 funds are for local use in treatment, intervention, and prevention of SUD services. This policy stipulates the authority for and the approved use of PA2 funds.

II. POLICY

Pursuant to and in accordance with MCL 211.24e, the LRE shall receive, administer, and use PA2 funds in accordance with the law and at the direction of the Substance Use Disorder (SUD) Oversight Policy Board (OPB).

A. PA2 funds shall be accounted for by county of origin and shall be used exclusively in the county from which they were derived. PA2 fund balances must be accounted for by each county and planned use must occur in the county of origin. Interest income from PA2 funds is considered local income and, at the direction of the SUD OPB, must be used to support SUD treatment and recovery, intervention and prevention activities.

In accordance with 1985 PA 106, MCL 207.630; Section 10.3, a distribution to a county pursuant to this section shall be included for purposes of the calculations required to be made by section 24e of the general property tax act, 1893 PA 206, MCL 211.24e. If the governing body of a taxing unit approves the additional millage rate under section 24e of the general property tax act, 1893 PA 206, MCL 211.24e, that is due to distributions pursuant to this section, then an amount not less than either of the following must be used for substance abuse treatment within the taxing unit:

(a) 40% of the distribution under this section, or
(b) The amount used for substance abuse treatment within the taxing unit in the previous fiscal year ending September 30.

B. At least annually, prior to the start of the next fiscal year, the SUD OPB shall approve a plan and budget developed by LRE Finance Staff to determine the amount of PA2 Liquor Tax funds that will be made available for the next Fiscal Year starting October 1. The plan and budget shall include the amount of planned funding to be expended; the intended purpose for SUD treatment and recovery, intervention, or prevention; and the identified primary contractor(s).

C. LRE's Finance Team shall prepare and provide the SUD OPB with quarterly reports of PA2 funds received and disbursed.

D. All PA2 funds not allocated for the fiscal year starting October 1 will be held in reserve for future allocation.

E. PA2 Funds will not be used to cover administrative costs for the PIHP. Network Provider administrative costs may not exceed the indirect amount allowed by statute.

III. **APPLICABILITY AND RESPONSIBILITY**
This policy applies to Prevention Providers who contract directly with Entity, CMHSPs and contracted Providers who offer SUD Treatment and Recovery.

IV. **MONITORING AND REVIEW**
This policy will be reviewed annually by the COO and designee with input from the SUD ROAT and OPB members.

V. **DEFINITIONS**
PA2: Public Act 2 Liquor Tax Funds

VI. **RELATED POLICIES AND PROCEDURES**
A. 12.4a Use of Reserve PA2 Funds for Special Projects
B. 12.4b Distribution of Reserve PA2 Funds

VII. **REFERENCES/LEGAL AUTHORITY**
A. Public Act 206 of 1893, Section 24e, Paragraph 11, as amended; MCL 211.24e
B. MDHHS Medicaid Specialty Supports and Services Contract

VIII. **CHANGE LOG**

Date of Change	Description of Change	Responsible Party
4/19/2018	New Procedure	LRE SUD Director
12/16/2021	Updated language, separated policy/procedure	CEO and Designee
7/21/2023	Updated language	Chief Operating Officer
1/8/2025	Updated language	Chief Operating Officer