

HOUSE BILL No. 5691

February 6, 2008, Introduced by Reps. Condino, Hood, Virgil Smith, Polidori, Farrah, Robert Jones, Cushingberry, Lemmons, Corriveau, Johnson, Hopgood, Accavitti, Tobocman, Constan, Clemente, Leland, Scott, Cheeks and Gonzales and referred to the Committee on Regulatory Reform.

A bill to amend 1985 PA 106, entitled "State convention facility development act," by amending sections 3, 8, 9, 10, 12, and 20 (MCL 207.623, 207.628, 207.629, 207.630, 207.632, and 207.640), section 3 as amended by 2006 PA 609, sections 8, 9, and 10 as amended by 2007 PA 72, and section 12 as amended by 2002 PA 237.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. As used in this act:

2 (a) "Accommodations" means the room or other space provided to
3 transient guests for dwelling, lodging, or sleeping, including
4 furnishings and other accessories, in a facility that is not a
5 campground, hospital, nursing home, emergency shelter, or community
6 mental health or community substance abuse treatment facility.
7 Accommodations do not include food or beverages.

1 (b) "Commissioner" means the state treasurer.

2 (c) "Convention facility" means 1 or more facilities owned or
3 leased by a local governmental unit that are any combination of a
4 convention hall, auditorium, meeting rooms, and exhibition areas
5 that are separate and distinct and contiguous to each other, and
6 related adjacent public areas generally available to members of the
7 public for lease on a short-term basis for holding conventions,
8 meetings, exhibits, and similar events and the necessary site or
9 sites, together with appurtenant properties necessary and
10 convenient for use in connection with the facility.

11 (d) "Convention hotel" means a facility used in the business
12 of providing accommodations that has more than 80 rooms for
13 providing accommodations to transient guests and that complies with
14 all of the following:

15 (i) Located within a county having a population according to
16 the most recent decennial census of 750,000 or more.

17 (ii) Located within a county that is 1 or more of the
18 following:

19 (A) A county ~~which~~ **THAT** has a convention facility with 350,000
20 square feet or more of total exhibit space.

21 (B) A county that has 2,000 or more rooms to provide
22 accommodations for transient guests.

23 **(E) "LOCAL GOVERNMENTAL UNIT" MEANS A COUNTY, TOWNSHIP, CITY,**
24 **VILLAGE, OR AUTHORITY.**

25 **(F) ~~(e)~~**"Person" means a natural person, partnership,
26 fiduciary, association, corporation, or other entity.

27 **(G) ~~(f)~~**"Room charge" means the charge imposed for the use or

1 occupancy of accommodations, excluding charges for food, beverages,
2 telephone services, the use tax imposed under the use tax act, 1937
3 PA 94, MCL 205.91 to 205.111, or like services paid in connection
4 with the charge. Room charge does not include reimbursement of the
5 assessment imposed by the community convention or tourism marketing
6 act, 1980 PA 395, MCL 141.871 to 141.880, the convention and
7 tourism marketing act, 1980 PA 383, MCL 141.881 to ~~141.1889~~
8 **141.889**, or this act.

9 (H) ~~(g)~~—"Transient guest" means a natural person staying less
10 than 30 consecutive days.

11 Sec. 8. (1) The collections from the tax imposed by section 4
12 shall be deposited in the state treasury, to the credit of the
13 convention facility development fund, which is hereby created
14 within the state treasury. Collections from the additional tax
15 imposed under section 1207 of the Michigan liquor control code of
16 1998, 1998 PA 58, MCL 436.2207, shall also be deposited to the
17 credit of the convention facility development fund.

18 (2) The convention facility development fund shall be
19 distributed for certain state purposes and to local governmental
20 units for use only for 1 or more of the following purposes:

21 (a) Acquiring, constructing, improving, enlarging, renewing,
22 replacing, or leasing a convention facility.

23 (b) In conjunction with an activity listed in subdivision (a),
24 repairing, furnishing, and equipping the convention facility.

25 (c) Refinancing an activity listed in subdivision (a) or (b).

26 (d) General fund expenditures.

27 **(E) IN THE CASE OF A LOCAL GOVERNMENTAL UNIT THAT IS AN**

1 **AUTHORITY, FOR ANY PURPOSE AUTHORIZED UNDER THE REGIONAL CONVENTION**
2 **FACILITY AUTHORITY ACT.**

3 (3) A contract made by a local governmental unit for the
4 purposes included in subsection (2)(a) or (b) concerning a
5 convention facility funded by distributions pursuant to section 9
6 shall contain a guaranteed maximum price for the total cost of
7 activities conducted for these purposes pursuant to that contract.

8 Sec. 9. (1) On or before the thirtieth day of each month, the
9 state treasurer shall make a distribution from the convention
10 facility development fund to a qualified local governmental unit.
11 The distribution shall be an amount equal to the sum of the
12 collections from the excise tax levied for accommodations under
13 this act for the previous month from the convention hotels in the
14 county in which the convention facility is or is to be located and
15 in any county in which convention hotels are located that is
16 contiguous to the county in which the convention facility is
17 located, or is to be located, and the additional tax imposed under
18 section 1207 of the Michigan liquor control code of 1998, 1998 PA
19 58, MCL 436.2207, for the previous month received in the fund.
20 However, distributions for any state fiscal year to any qualified
21 local governmental unit shall not exceed an amount equal to the
22 amount pledged, assigned, or dedicated by the qualified local
23 governmental unit pursuant to section 11 for the payment during
24 that state fiscal year of bonds, obligations, or other evidences of
25 indebtedness incurred for the purposes specified in this act **OR THE**
26 **REGIONAL CONVENTION FACILITY AUTHORITY ACT**, plus any amount
27 necessary to maintain a fully funded debt reserve or other reserves

1 intended to secure the principal and interest on the bonds,
2 obligations, or other evidences of indebtedness as contained in the
3 resolution or ordinance authorizing their issuance.

4 (2) Notwithstanding the distributions provided by subsection
5 (1), if a local governmental unit becomes a qualified local
6 governmental unit entitled to receive distributions from the tax
7 imposed under section 1207 of the Michigan liquor control code of
8 1998, 1998 PA 58, MCL 436.2207, or from the tax imposed by this act
9 in counties in which the convention facility is located or in a
10 county in which a convention hotel is located that is contiguous to
11 the county in which the convention facility is located, no other
12 qualified local governmental unit is entitled to distributions
13 pursuant to this section for which that qualified local
14 governmental unit has previously become entitled, **UNTIL SUCH TIME**
15 **AS THAT QUALIFIED LOCAL GOVERNMENTAL UNIT CEASES TO BE A QUALIFIED**
16 **LOCAL GOVERNMENTAL UNIT BY TRANSFERRING ITS OWNERSHIP OR LEASEHOLD**
17 **INTEREST DESCRIBED IN SUBSECTION (3) TO ANOTHER LOCAL GOVERNMENTAL**
18 **UNIT. IF THAT TRANSFER RENDERS THE TRANSFEREE A QUALIFIED LOCAL**
19 **GOVERNMENTAL UNIT, THE TRANSFEREE SHALL, IMMEDIATELY UPON THAT**
20 **TRANSFER, BE ENTITLED TO THE DISTRIBUTIONS TO A QUALIFIED LOCAL**
21 **GOVERNMENTAL UNIT PROVIDED IN SUBSECTION (1) AND THE PRIORITY**
22 **PROVIDED TO A QUALIFIED LOCAL GOVERNMENTAL UNIT IN THIS SUBSECTION,**
23 **NOTWITHSTANDING THAT THE AMOUNT OF THE DISTRIBUTIONS MAY INCREASE**
24 **AS A RESULT OF THAT TRANSFER.**

25 (3) As used in this act, "qualified local governmental unit"
26 means a city, village, township, county, or authority that is
27 located in, **OR INCLUDES WITHIN ITS TERRITORY OR JURISDICTION,** a

1 county in which convention hotels are located and that either is
2 the owner or lessee of a convention facility with 350,000 square
3 feet or more of total exhibit space on July 30, 1985 or, if such a
4 convention facility does not exist, will be the owner or lessee of
5 a convention facility with 350,000 square feet or more of total
6 exhibit space through the application of distributions under this
7 section to the purchase or lease of a convention facility.

8 (4) Notwithstanding any other provision of this act, after the
9 distributions under subsection (1), and before any distributions
10 under section 10, for fiscal year 2004-2005 only, \$1,075,000.00
11 shall be distributed to the state sports tourism fund. The money
12 distributed to the state sports tourism fund described in this
13 subsection, including any funds appropriated in fiscal year 2005-
14 2006 from the state convention facility development fund, shall be
15 deducted from the money described in section 10(2)(a) before any
16 distribution is made under section 10(2)(a).

17 (5) The state sports tourism fund is created within the state
18 treasury.

19 (6) The state treasurer may receive money or other assets from
20 any source for deposit into the state sports tourism fund. The
21 state treasurer shall direct the investment of the state sports
22 tourism fund. The state treasurer shall credit to the state sports
23 tourism fund interest and earnings from the state sports tourism
24 fund investments.

25 (7) Money in the state sports tourism fund at the close of the
26 fiscal year shall remain in the state sports tourism fund and shall
27 not lapse to the general fund. However, money remaining in the fund

1 on September 30, 2006, shall lapse to the convention facility
2 development fund.

3 (8) The department of treasury shall expend money from the
4 state sports tourism fund, upon appropriation, only for grants to
5 Super Bowl XL host committee functions related to hosting, staging,
6 or execution of Super Bowl XL activities or to reimburse a county
7 not more than \$500,000.00 for contributions or grants already made
8 to the Super Bowl XL host committee for functions related to
9 hosting, staging, or execution of Super Bowl XL activities. Money
10 shall not be distributed to the state sports tourism fund that
11 impairs obligations, bonds, or other evidences of indebtedness
12 issued under this act.

13 (9) The department of treasury shall expend money from the
14 state sports tourism fund, upon appropriation of not more than
15 \$1,000,000.00, for Super Bowl XL host committee functions related
16 to security operations of Super Bowl XL activities. Money shall not
17 be distributed to the state sports tourism fund that impairs
18 obligations, bonds, or other evidences of indebtedness issued under
19 this act.

20 (10) Notwithstanding any other provision of this act, after
21 the distributions under subsection (1) and before any distributions
22 under section 10, for the fiscal year ending September 30, 2007
23 only, \$35,000,000.00 is transferred to the general fund and is
24 appropriated for general fund expenditures.

25 Sec. 10. (1) Any money remaining in the convention facility
26 development fund that is not used for the bonds, obligations, or
27 other evidences of indebtedness described in section 9 shall be

1 distributed pursuant to subsection (2).

2 (2) Money in the convention facility development fund shall be
3 distributed as provided in subsection (4) in the following order of
4 priority in the following amounts:

5 (a) An amount equal to the difference, if any, between the tax
6 imposed under this act in the preceding state fiscal year that is
7 designated under section 9 to a qualified local governmental unit
8 and the tax imposed under this act that is designated under section
9 9 in the state fiscal year immediately preceding the preceding
10 state fiscal year for the same local governmental unit shall be
11 distributed to that local governmental unit. This subdivision does
12 not apply unless a tax has been imposed under this act in the
13 entire 2 state fiscal years immediately preceding the state fiscal
14 year in which a distribution under this subdivision is made. Any
15 amount distributed under this subdivision shall be used by the
16 local governmental unit only for the retirement of outstanding
17 bonds, obligations, or other evidences of indebtedness incurred for
18 which distributions under section 9 are pledged. A distribution
19 under this subdivision shall not be made to the extent that the
20 obligations, bonds, or other evidences of indebtedness cannot be
21 retired or are not outstanding.

22 (b) An amount equal to ~~that portion of the~~ **TOTAL** liquor tax
23 collected under section 1207 of the Michigan liquor control code of
24 1998, 1998 PA 58, MCL 436.2207, ~~from licensees in counties in which~~
25 ~~convention hotels are not located~~ shall be distributed to ~~those~~
26 ~~counties in which convention hotels are not located~~ **ALL COUNTIES,**
27 **WITH THE DISTRIBUTION TO BE ALLOCATED TO EACH COUNTY** in the same

1 proportion that the amount of tax collected under section 1207 of
2 the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207,
3 in the preceding state fiscal year from the licensees in a ~~THE~~
4 county bears to the total tax collections under section 1207 of the
5 Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207, in
6 the preceding state fiscal year from all counties, ~~in which~~
7 ~~convention hotels are not located~~ **PROVIDED THAT NO COUNTY IN WHICH**
8 **CONVENTION HOTELS ARE NOT LOCATED MAY RECEIVE A DISTRIBUTION UNDER**
9 **THIS SUBSECTION GREATER THAN THE TOTAL LIQUOR TAX COLLECTED FROM**
10 **LICENSEES IN THAT COUNTY PURSUANT TO SECTION 1207 OF THE MICHIGAN**
11 **LIQUOR CONTROL CODE OF 1998, 1998 PA 58, MCL 436.2207, IN THE**
12 **PRECEDING STATE FISCAL YEAR.**

13 ~~—— (c) The remaining money available after distributions under~~
14 ~~subdivisions (a) and (b) shall be distributed to each county in the~~
15 ~~following amounts:~~

16 ~~—— (i) The amount of money available to be distributed under this~~
17 ~~subdivision multiplied by the percentage of collections in the~~
18 ~~preceding state fiscal year under section 1207 of the Michigan~~
19 ~~liquor control code of 1998, 1998 PA 58, MCL 436.2207, from~~
20 ~~licensees in counties in which convention hotels are not located~~
21 ~~shall be distributed to each county in which convention hotels are~~
22 ~~not located in the same proportion that the amount of tax collected~~
23 ~~pursuant to section 1207 of the Michigan liquor control code of~~
24 ~~1998, 1998 PA 58, MCL 436.2207, in the preceding state fiscal year~~
25 ~~from licensees in that county bears to the total tax collections~~
26 ~~from section 1207 of the Michigan liquor control code of 1998, 1998~~
27 ~~PA 58, MCL 436.2207, in the preceding state fiscal year from all~~

1 ~~counties in which convention hotels are not located.~~
2 ~~—— (ii) The amount of money available to be distributed under this~~
3 ~~subdivision multiplied by the percentage of collections in the~~
4 ~~preceding state fiscal year under section 1207 of the Michigan~~
5 ~~liquor control code of 1998, 1998 PA 58, MCL 436.2207, from~~
6 ~~licensees in counties in which convention hotels are located shall~~
7 ~~be distributed to each county in which convention hotels are~~
8 ~~located in the same proportion that the amount of tax collected~~
9 ~~pursuant to section 1207 of the Michigan liquor control code of~~
10 ~~1998, 1998 PA 58, MCL 436.2207, in the preceding state fiscal year~~
11 ~~from licensees in that county bears to the total tax collections~~
12 ~~from section 1207 of the Michigan liquor control code of 1998, 1998~~
13 ~~PA 58, MCL 436.2207, in the preceding state fiscal year from all~~
14 ~~counties in which convention hotels are located. However, in ~~IN~~ the~~
15 ~~calculation of the proportion represented by a county's share of~~
16 ~~distributions under this subparagraph ~~SUBDIVISION~~, the amount of~~
17 ~~the tax collected from licensees in the ~~A~~ qualified local~~
18 ~~governmental unit that received distributions under section 9 in~~
19 ~~the last state fiscal year **WITH A POPULATION OF MORE THAN 300,000**~~
20 ~~shall not be included.~~

21 (3) A distribution to a county pursuant to this section shall
22 be included for purposes of the calculations required to be made by
23 section 24e of the general property tax act, 1893 PA 206, MCL
24 211.24e. If the governing body of a taxing unit approves the
25 additional millage rate under section 24e of the general property
26 tax act, 1893 PA 206, MCL 211.24e, which is due to distributions
27 pursuant to this section, then an amount equal to 50% of the

1 distribution under this section shall be used for substance abuse
2 treatment within the taxing unit.

3 (4) Beginning October 1, 2007 and each year thereafter, from
4 the revenue collected during the previous quarter, after
5 distributing the monthly payments under section 9(1), the state
6 treasurer shall make quarterly distributions under subsection
7 (2)(b). ~~and (e).~~ From the revenue collected in the last quarter of
8 the state fiscal year, the state treasurer shall make the
9 distribution under subsection (2)(a) prior to any distributions
10 under subsection (2)(b). ~~and (e).~~

11 Sec. 12. (1) Subject to approval pursuant to section 11, a
12 local governmental unit may assign or pledge all or a portion of
13 the distribution of taxes that the local governmental unit is
14 eligible to receive under this act for payment of bonds,
15 obligations, or other evidences of indebtedness for the purposes
16 specified in section 8(2). If a local governmental unit assigns,
17 pledges, or, pursuant to section 11(3), dedicates all or a portion
18 of the distribution of taxes that the local governmental unit is
19 eligible to receive under this act for payment of bonds,
20 obligations, or other evidences of indebtedness incurred for the
21 purposes specified in this act, the state treasurer may transmit to
22 the duly appointed trustee or trustees for the bonds, obligations,
23 or other evidences of indebtedness, if any, the payment of the
24 distribution assigned, pledged, or dedicated by the local
25 governmental unit.

26 (2) A local governmental unit **THAT IS A CITY OR A COUNTY** shall
27 not issue bonds, obligations, or other evidences of indebtedness to

1 which distributions under section 9 are pledged in a principal
2 amount greater than \$180,000,000.00. This limit does not apply to
3 refunding bonds, obligations, or other evidences of indebtedness
4 issued pursuant to section 11(2) or to bonds, obligations, or other
5 evidences of indebtedness to which distributions of taxes from the
6 convention facility development fund are dedicated under section
7 11(3).

8 Sec. 20. The tax imposed by this act shall not be levied after
9 December 31, ~~2015~~—2022.

10 Enacting section 1. This amendatory act does not take effect
11 unless all of the following bills of the 94th Legislature are
12 enacted into law:

13 (a) Senate Bill No. _____ or House Bill No. 5690 (request no.
14 04081'07 ****).

15 (b) Senate Bill No. _____ or House Bill No. 5692 (request no.
16 05887'07 ****).