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BILL ANALYSIS

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Senate Bill 983 (as reported with amendment)**Sponsor: Senator William Faust****Committee: Commerce and Technology****Date Completed: 11-29-88****RATIONALE**

The new Michigan Historical Center, which is scheduled to open early in 1989, will have approximately 25,000 square feet devoted to permanent and temporary exhibits concerning Michigan's history and development. Some argue that a store at the Center would be an additional attraction to visitors wishing to obtain additional information on the exhibits and gifts, souvenirs, and historical publications and documents to commemorate their visit, and a benefit to the Center which could use revenues generated by the store to defray some of the costs of acquiring and maintaining exhibits and providing educational programs and services. To date, however, no provision has been made for establishing a store at the Center.

CONTENT

The bill would amend Public Act 271 of 1913, which created the Michigan Historical Commission, to allow the Secretary of State to establish and administer a retail sales store in the Michigan Historical Center, and to create a museum operations fund.

The store could acquire through purchase, gift, or consignment, items pertaining to the purpose and the collections of the Center, and could sell the items on a commission basis. The charge that would have to be established for each item offered for sale could include markups and discounts commensurate with industry practice. Payment for the items could be made by cash, check, or any credit card determined acceptable by the Secretary of State. The Secretary of State could purchase and place advertisements concerning items offered for sale at the store. The store could use the services of high school cooperative students and volunteers.

Any money collected from the sale of items in the store would have to be deposited in the Museum Operations Fund, which could be used to do any of the following:

- Purchase artifacts for, or restore artifacts in, the Center's collections.
- Provide free materials to school groups.
- Purchase items offered for sale at the store.
- Advertise and pay for educational programs, special exhibits, and special events, including performers, presented at the Center or another museum or historical facility operated by the Secretary of State.
- Pay for any other expense incurred by the Center or by another museum or historical facility administered by the Secretary of State.

Any unexpended balance in the Museum Operations Fund at the end of the fiscal year would not revert to the General Fund, but would remain in the Fund for future expenditures.

Proposed MCL 399.7a

FISCAL IMPACT

This bill would result in a \$357,000 cost to the State (spread over a four-year period) and would have no fiscal impact on local units of government. According to the Department of State, appropriations needed to support the store would be as follows: FY 1989-90 - \$132,000; FY 1990-91 - \$100,000; FY 1991-92 - \$75,000; and FY 1992-93 - \$50,000.

Proceeds from sales are expected to be between \$50,000 and \$75,000 for the first year, and \$125,000 for the following years. Revenue generated from this bill would be deposited in a restricted fund for museum-related expenditures. State Department and Museum officials expect the store to become self-sufficient in three years.

ARGUMENTS**Supporting Argument**

A museum store at the Michigan Historical Center not only would provide a service for visitors wishing to purchase commemorative gifts and obtain additional information on the exhibits but would be an important source of revenue that could be used to fund acquisition of exhibit items and educational programs sponsored by the Center.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.

S.B. 983 (11-29-88)