

Legislative Analysis



DISTRIBUTION OF CONVENTION FACILITY FUNDS

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House Bill 5697

Sponsor: Rep. John Pappageorge

Committee: Commerce

Complete to 4-21-04

A SUMMARY OF HOUSE BILL 5697 AS INTRODUCED 3-24-04

The bill would amend the State Convention Facility Development Act (MCL 207.360) to alter how money in the Convention Facility Development Fund at the end of a fiscal year is to be distributed. Money flows into that fund from two sources: a statewide 4 percent excise tax on alcoholic spirits and an accommodations tax levied in Wayne, Oakland, and Macomb counties on hotels and motels with more than 80 rooms.

Currently, distributions from the fund are made as follows: 1) to the city of Detroit to pay annual debt service on Cobo Hall bonds, with any annual increase in the accommodations tax from one year to the next to be used to retire the bonds early. 2) After that, the liquor tax collected from the 80 counties outside Wayne, Oakland, and Macomb is distributed to those 80 counties in proportion to the amount of liquor taxes collected in each of those counties. 3) Any remaining funds are then distributed to all 83 counties in proportion to the amount of taxes collected in each county.

The bill would rewrite these provisions so that after the distributions to pay debt service on Cobo Hall bonds, any remaining money from the liquor excise tax collected in all 83 counties would be distributed to all counties in proportion to the amount in liquor taxes collected by each county, and then any remaining money would also be distributed in the same manner.

FISCAL IMPACT:

House Bill 5697 would have no impact on State revenues. It would, however, alter the existing distribution of approximately \$25 million from 80 counties (i.e., all counties excluding Macomb, Oakland, and Wayne) to all 83 counties.

When distributed across the 80 counties in proportion to the amount of liquor taxes collected in those counties, each county receives about \$1.45 for each \$1.00 of liquor taxes. Adding Macomb, Oakland, and Wayne counties would reduce that ratio (for the existing 80 counties) to roughly \$0.96 for each \$1.00 of liquor taxes. In total, Macomb, Oakland, and Wayne counties would collectively gain an estimated \$7.7 million.

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