

SPORTS TOURISM FUND FOR SUPER BOWL

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House Bill 6165 as introduced

Sponsor: Rep. Chris Ward

Committee: Local Government and Urban Policy

First Analysis (9-15-04)

BRIEF SUMMARY: House Bill 6165 would amend the State Convention Facility Development Act to revise the distribution of funds generated from the excise tax levied on certain hotel and motel rooms in Wayne, Oakland, and Macomb counties in order to create a new State Sports Tourism Fund that would be used to promote the XL Super Bowl football championship that will be held in Detroit in 2006

FISCAL IMPACT: The bill would have no impact on state revenue. The bill would alter the distribution of money from the Convention Facility Development Fund.

THE APPARENT PROBLEM:

In January and February 2006, Detroit will host the country's 40th annual professional football championship known as the Super Bowl. According to the Michigan Economic Development Corporation and Travel Michigan, the 2006 Super Bowl is expected to boost the Detroit regional economy by \$350 million. They point out the game will attract 135 million U. S. fans and 800 million worldwide, as fans everywhere view the televised event. An estimated 3,000 journalists will report on the event, and Michigan organizers intend to leave viewers worldwide with a lasting and attractive impression of the city and state.

To plan for the event, the National Football League (NFL) and the City of Detroit have entered into a close working relationship, and a private non-profit host committee has been appointed to serve as liaison to both the city and the NFL. The 42-member host committee and the nine-member (soon to be about 20-member) staff has a seven-point charge: 1) foster relationships with the NFL; 2) raise funds and measure success; 3) integrate community programs; 4) create and support special events; 5) advocate for services and development in the region; 6) promote metro Detroit as a destination; and 7) deliver a positive guest experience. See Background Information below.

In order to assist with fundraising, legislation has been proposed that would dedicate to the host committee a portion of the hotel-room tax that is currently levied within the tri-county area near Detroit (comprising Wayne, Oakland, and Macomb counties). Revenue from the hotel-room surcharge is primarily used to pay-off the bonded indebtedness that was incurred to build and renovate the Cobo Hall Convention Center.

THE CONTENT OF THE BILL:

House Bill 6165 would amend the State Convention Facility Development Act to revise the distribution of funds generated from the excise tax levied on hotel and motel rooms in Wayne, Oakland, and Macomb counties in order to create a new State Sports Tourism Fund that would be used to promote the XL Super Bowl football championship that will be held in Detroit in 2006.

Under the bill, the following would be distributed to the new sports tourism fund: 1) the first \$500,000 of excise taxes levied for the month of September 2004 from convention hotels located in a county with a population greater than one million and less than two million (Oakland); 2) the first \$500,000 of excise taxes levied for the month of September 2004 from convention hotels located in all counties where convention facilities and convention hotels were located (Wayne); and 3) the first \$75,000 of excise taxes levied from convention hotels located in a county with a population greater than 700,000 but less than one million (Macomb).

The bill requires that the Department of Treasury expend money from the new fund, upon appropriation, only for grants to Super Bowl XL host committee functions related to hosting, staging, or execution of Super Bowl XL activities, or to reimburse a county not more than \$500,000 for contributions or grants already made to the host committee for these purposes.

Under the State Convention Facility Development Act, an excise tax is levied on the price of occupying hotels and motels with more than 80 rooms in Wayne, Oakland, and Macomb counties, with the revenue dedicated to the Convention Facility Development Fund. The fund also receives revenue from a statewide four percent excise tax on alcoholic spirits. Distributions are currently made from the fund as follows: 1) to the City of Detroit to pay annual debt service on Cobo Hall convention facility 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 liquor taxes collected. 3) Any remaining funds are then distributed to all 83 counties in proportion to the amount of taxes collected in each county.

House Bill 5697 requires that a State Sports Tourism Fund be created within the state treasury. The state treasurer could receive money or other assets from any source for deposit into the fund, would direct the fund's investment, and would credit investment earnings and interest to the fund. Money in the fund at the close of the fiscal year would remain in the fund and not lapse to the general fund. However, money remaining in the fund on September 30, 2006 would lapse to the Convention Facility Development Fund.

The bill specifies that the money distributed to the State Sports Tourism Fund could not impair obligations, bonds, or other evidences of indebtedness issued under the act.

MCL 207.629

BACKGROUND INFORMATION:

For further information about the host committee and Detroit's plans for the 2006 Super Bowl, visit their website at www.sbx1.org/hostcommittee/

ARGUMENTS:

For:

The goal of this legislation is to capture a portion of the hotel-tax revenue that will be generated in the Detroit region during the international Ryder Cup golf championship being held in September 2004, and dedicate that revenue to the Detroit Super Bowl host committee, which is charged with planning for the national football championship in February 2006.

Response:

The bill should be amended. First, it must ensure that earmarking revenue for the 2006 Super Bowl host committee raised from the tri-county hotel tax would not impair the on-going payment of Cobo Hall bonds—the primary purpose of the hotel-room surcharge. Second, the bill must be amended to recognize that fact that when hoteliers remit the hotel-room taxes they collect to the Department of Treasury, they do so without regard to the county location of the hotels in their chain. Consequently, earmarking revenue *by county* is not possible unless the bill is amended to require that hoteliers report their remittance differently.

POSITIONS:

The Michigan Economic Development Corporation and Travel Michigan support the bill. (9-15-04)

The Detroit Regional Chamber of Commerce supports the bill. (9-15-04)

Oakland County supports the bill. (9-15-04)

The Assistant Wayne County Executive supports the bill. (9-15-04)

The Department of Treasury is neutral on the bill. (9-15-04)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.