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BILL ANALYSIS

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House Bill 6165 (Substitute H-1 as passed by the House)
Sponsor: Representative Chris Ward
House Committee: Local Government and Urban Policy
Senate Committee: Commerce and Labor

Date Completed: 9-28-04

CONTENT

The bill would amend the State Convention Facility Development Act at to distribute funds generated from the excise tax levied on hotel and motel rooms in Wayne, Oakland, and Macomb Counties to a proposed "State Sports Tourism Fund" to promote Super Bowl XL (which Detroit will host in 2006).

The Act requires the State Treasurer to make a monthly distribution from the Convention Facility Development Fund to a qualified local governmental unit for the payment of bonds or other obligations incurred for the purpose of financing Cobo Hall. Money remaining in the Fund at the end of a fiscal year must be transferred to the General Fund and distributed as described in the Act. Under the bill, for the 2004-2005 fiscal year only, \$1,075,000 would have to be distributed to the State Sports Tourism Fund after the State Treasurer had made the monthly disbursement to a qualified local governmental unit, but before any other distributions of the balance.

The bill would create the State Sports Tourism Fund within the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Sports Tourism Fund and would direct Fund's investment. The State Treasurer also would have to credit to the Fund interest and earnings from Fund investments. Money in the Fund at the close of the fiscal year would have to remain in the Fund and would not lapse to the General Fund. Any money remaining in the Fund on September 30, 2006, would lapse to the Convention Facility Development Fund.

The Department of Treasury could spend money from the Sports Tourism Fund, upon appropriation, only for grants to Super Bowl XL host committee functions related to the hosting, staging, or execution of Super Bowl XL activities or to reimburse the county for up to \$500,000 for contributions or grants already made to the Super Bowl XL host committee for related functions. Money could not be distributed to the Sports Tourism Fund if it would impair obligations, bonds, or other evidences of indebtedness issued under the Act.

MCL 207.629

BACKGROUND

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 4% excise tax on alcoholic spirits.

Distributions are currently made from the Fund to the City of Detroit to pay annual debt service on the Cobo Hall Convention Facility bonds, with the annual increase in the accommodations tax from one year to the next to be used to retire the bonds early. After that distribution, the liquor tax collected from the counties other than Wayne, Oakland and Macomb is distributed to those counties in proportion to the liquor taxes collected. Any remaining funds are distributed to all 83 counties in proportion to the amount of taxes collected in each county.

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would have no effect on State or local revenues but would change the distribution of revenues from the convention facility development fund during FY 2004-05.

Fiscal Analyst: David Zin

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