

SENATE BILL No. 12

January 8, 2003, Introduced by Senator JOHNSON and referred to the Committee on Finance.

A bill to amend 1985 PA 106, entitled
"State convention facility development act,"
by amending sections 3, 10, and 12 (MCL 207.623, 207.630, and
207.632), 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
3 to transient guests for dwelling, lodging, or sleeping, including
4 furnishings and other accessories in a facility ~~which~~ **that** is
5 not a campground, hospital, nursing home, emergency shelter, or
6 community mental health or community substance abuse treatment
7 facility. Accommodations do not include food or beverages.

8 (b) "Commissioner" means the state commissioner of revenue.

9 (c) "Convention facility" means 1 or more facilities owned
10 or leased by a local governmental unit that are any combination

1 of a convention hall, auditorium, meeting rooms, and exhibition
2 areas that are separate and distinct and contiguous to each
3 other, and related adjacent public areas generally available to
4 members of the public for lease on a short-term basis for holding
5 conventions, meetings, exhibits, and similar events and the
6 necessary site or sites ~~therefor~~ **for them**, together with
7 appurtenant properties necessary and convenient for use in
8 connection with the facility.

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

13 (i) Located within a county having a population according to
14 the most recent decennial census of ~~600,000~~ 700,000 or more.

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

17 (A) A county ~~which~~ **that** has a convention facility with
18 350,000 square feet or more of total exhibit space.

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

21 (e) "Person" means a natural person, partnership, fiduciary,
22 association, corporation, or other entity.

23 (f) **"Qualified county" means a county in which a convention**
24 **hotel is located.**

25 (g) ~~(f)~~ "Room charge" means the charge imposed for the use
26 or occupancy of accommodations, excluding charges for food,
27 beverages, telephone services, the use tax imposed ~~pursuant to~~

1 ~~Act No. 94 of the Public Acts of 1937, being sections 205.91 to~~
2 ~~205.111 of the Michigan Compiled Laws~~ **under the use tax act,**
3 **1937 PA 94, MCL 205.91 to 205.111,** or like services paid in
4 connection with the charge. Room charge does not include
5 reimbursement of the assessment imposed by the community
6 convention or tourism marketing act, ~~Act No. 395 of the Public~~
7 ~~Acts of 1980, being sections 141.871 to 141.880 of the Michigan~~
8 ~~Compiled Laws~~ **1980 PA 395, MCL 141.871 to 141.880,** the
9 convention and tourism marketing act, ~~Act No. 383 of the Public~~
10 ~~Acts of 1980, being sections 141.881 to 141.889 of the Michigan~~
11 ~~Compiled Laws~~ **1980 PA 383, MCL 141.881 to 141.889,** or this act.

12 **(h)** ~~-(g)-~~ "Transient guest" means a natural person staying
13 less than 30 consecutive days.

14 Sec. 10. (1) Any money remaining in the convention facility
15 development fund at the end of the state fiscal year shall be
16 transferred to the general fund of the state treasury to be
17 distributed in the next state fiscal year pursuant to subsection
18 (2).

19 (2) Money transferred from the convention facility
20 development fund to the general fund pursuant to subsection (1)
21 shall be distributed in the following order of priority in the
22 following amounts:

23 (a) An amount equal to the difference, if any, between the
24 tax imposed ~~pursuant to~~ **under** this act in the preceding state
25 fiscal year that is designated ~~pursuant to~~ **under** section 9 to a
26 qualified local governmental unit and the tax imposed ~~pursuant~~
27 ~~to~~ **under** this act that is designated ~~pursuant to~~ **under** section

1 9 in the state fiscal year ~~prior to~~ **immediately preceding** the
2 preceding state fiscal year for the same local governmental unit
3 shall be distributed to that local governmental unit. This
4 subdivision ~~shall~~ **does** not apply unless a tax has been imposed
5 under this act in the entire 2 state fiscal years immediately
6 preceding the state fiscal year in which a distribution under
7 this subdivision is made. Any amount distributed ~~pursuant to~~
8 **under** this subdivision shall be used by the local governmental
9 unit only for the retirement of outstanding bonds, obligations,
10 or other evidences of indebtedness incurred for which
11 distributions ~~pursuant to~~ **under** section 9 are pledged. A
12 distribution under this subdivision shall not be made to the
13 extent that the obligations, bonds, or other evidences of
14 indebtedness cannot be retired or are not outstanding.

15 (b) Of the money transferred ~~pursuant to~~ **under**
16 subsection (1) and remaining after distributions under
17 subdivision (a), an amount equal to that portion of the liquor
18 tax collected ~~pursuant to the convention facility promotion tax~~
19 ~~act~~ **under section 1207 of the Michigan liquor control code of**
20 **1998, 1998 PA 58, MCL 436.2207,** from licensees in counties in
21 which convention hotels are not located shall be distributed to
22 those counties in which convention hotels are not located in the
23 same proportion that the amount of tax collected ~~pursuant to the~~
24 ~~convention facility promotion tax act~~ **under section 1207 of the**
25 **Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207,**
26 in the preceding state fiscal year from the licensees in a county
27 bears to the total tax collections ~~pursuant to the convention~~

1 ~~facility promotion tax act~~ **under section 1207 of the Michigan**
2 **liquor control code of 1998, 1998 PA 58, MCL 436.2207,** in the
3 preceding state fiscal year from all counties in which convention
4 hotels are not located.

5 (c) The remaining money transferred ~~pursuant to~~ **under**
6 subsection (1) after distributions under subdivisions (a) and (b)
7 shall be distributed to each county in the following amounts:

8 (i) The amount of money available to be distributed under
9 this subdivision multiplied by the percentage of collections in
10 the preceding state fiscal year under ~~the convention facility~~
11 ~~promotion tax act~~ **section 1207 of the Michigan liquor control**
12 **code of 1998, 1998 PA 58, MCL 436.2207,** from licensees in
13 counties in which convention hotels are not located shall be
14 distributed to each county in which convention hotels are not
15 located in the same proportion that the amount of tax collected
16 pursuant to ~~the convention facility promotion tax act~~ **section**
17 **1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL**
18 **436.2207,** in the preceding state fiscal year from licensees in
19 that county bears to the total tax collections from ~~the~~
20 ~~convention facility promotion tax act~~ **section 1207 of the**
21 **Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207,**
22 in the preceding state fiscal year from all counties in which
23 convention hotels are not located **not to exceed the amount**
24 **distributed under this subparagraph in 1999.**

25 (ii) The amount of money available to be distributed under
26 this subdivision multiplied by the percentage of collections in
27 the preceding state fiscal year under ~~the convention facility~~

1 ~~promotion tax act~~ **section 1207 of the Michigan liquor control**
2 **code of 1998, 1998 PA 58, MCL 436.2207,** from licensees in
3 counties in which convention hotels are located shall be
4 distributed to each county in which convention hotels are located
5 in the same proportion that the amount of tax collected pursuant
6 to ~~the convention facility promotion tax act~~ **section 1207 of**
7 **the Michigan liquor control code of 1998, 1998 PA 58, MCL**
8 **436.2207,** in the preceding state fiscal year from licensees in
9 that county bears to the total tax collections from ~~the~~
10 ~~convention facility promotion tax act~~ **section 1207 of the**
11 **Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207,**
12 in the preceding state fiscal year from all counties in which
13 convention hotels are located **not to exceed the amount**
14 **distributed under this subparagraph in 1999.** However, in the
15 calculation of the proportion represented by a county's share of
16 distributions under this subparagraph, the amount of the tax
17 collected from licensees in the qualified local governmental unit
18 that received distributions under section 9 in the last state
19 fiscal year shall not be included.

20 (d) The remaining money transferred under subsection (1)
21 after distributions under subdivisions (a), (b), and (c) shall be
22 distributed to each qualified county in the same proportion that
23 the amount collected and deposited into the convention facility
24 development fund from each qualified county bears to the amount
25 collected and deposited into the convention facility development
26 fund from all qualified counties. Money distributed to a
27 qualified county under this subdivision shall be used only to

1 increase tourism in that qualified county.

2 (3) A distribution to a county pursuant to this section
3 shall be included for purposes of the calculations required to be
4 made by section 24e of the general property tax act, ~~Act No. 206~~
5 ~~of the Public Acts of 1893, being section 211.24e of the Michigan~~
6 ~~Compiled Laws~~ 1893 PA 206, MCL 211.24e. If the governing body
7 of a taxing unit approves the additional millage rate under
8 section 24e of the general property tax act, ~~Act No. 206 of the~~
9 ~~Public Acts of 1893~~ 1893 PA 206, MCL 211.24e, which is due to
10 distributions pursuant to this section, then an amount equal to
11 50% of the distribution under this section shall be used for
12 substance abuse treatment within the taxing unit.

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

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

10 (3) A local governmental unit that has pledged revenue for
11 the payment of bonds, obligations, or other evidences of
12 indebtedness under this act shall not refund a bond, obligation,
13 or other evidence of indebtedness under this act unless the net
14 present value of the principal and interest to be paid on the
15 refunding bond, obligation, or other evidence of indebtedness,
16 excluding the cost of issuance, will be less than the net present
17 value of the principal and interest to be paid on the bond,
18 obligation, or other evidence of indebtedness being refunded, as
19 calculated using a method approved by the department of treasury.