



Senate Fiscal Agency  
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**BILL ANALYSIS**

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Senate Bill 774 (as reported without amendment)  
Sponsor: Senator Michael Switalski  
Committee: Appropriations

**CONTENT**

Senate Bill 774 would amend the State Convention Facility Development Act to permit a distribution from the Convention Facility Development Fund to the General Fund in FY 2006-07 only.

Under current law, revenue from the accommodations tax and the liquor excise tax is earmarked to the Convention Facility Development Fund. The first priority for the revenue in this Fund is payment of the annual debt service on Cobo Hall bonds. In addition, any increase in the accommodations tax collections from one year to the next is used to help pay off the Cobo Hall debt service early. Once these debt service payments are made, the remaining funds are distributed to county governments. The payments to county governments consist of two components: 1) The liquor tax collected in each county during the previous fiscal year is distributed to all counties, excluding Macomb, Oakland, and Wayne Counties, in the current fiscal year, and 2) any remaining funds available in any fiscal year then are distributed to all 83 counties based on the proportional amount of liquor tax that was collected in each county during the previous year.

Under the bill, the payments from this Fund for the Cobo Hall debt service would continue as usual in FY 2006-07, as would the payments to counties made with the funds carried over from FY 2005-06, but once these payments were made, the remaining money in this Fund that otherwise would be carried over into FY 2007-08 to be distributed among the counties, could be transferred to the General Fund.

MCL 207.628 & 207.629

**FISCAL IMPACT**

The ending balance in the Convention Facility Development Fund will total an estimated \$37 million in FY 2006-07. This bill would allow a transfer of up to this amount to the General Fund in FY 2006-07 only and would represent a one-time revenue gain for the General Fund. Any such transfer would reduce the funds that otherwise would be available for distribution from the Convention Facility Development Fund to county governments in FY 2007-08.

Date Completed: 9-19-07

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