



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 123 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Dave Hildenbrand
Committee: Economic Development

Date Completed: 3-28-13

RATIONALE

The State enacted the Convention Facility Authority Act in 1999 to promote economic development in the west Michigan region. The Act provided for the creation of an authority to serve as an oversight body for the approval of plans and the timely disbursement of funds appropriated for the expansion of an existing convention center in Grand Rapids. It now has been suggested that the Act should be updated in order for the convention facility authority to remain successful.

CONTENT

The bill would amend the Convention Facility Authority Act to do the following:

- **Include a sports facility, market, and other facility meeting rooms in the definition of "convention facility".**
- **Allow an authority to develop, acquire, or own one or more convention facilities.**
- **Allow an authority to enter into management contracts and to hire service providers and consultants.**
- **Revise conditions for the qualification and appointment of an authority's board of directors, and delete a term limit that applies to board members.**

Scope of the Act

The Act allows a qualified city and qualified county jointly to establish a convention facility authority to develop a convention facility and issue negotiable revenue bonds. The Act defines "qualified city" as a city with

a population of more than 170,000 that is the most populous city in a qualified county. "Qualified county" means a county with a population of more than 500,000 that contains a qualified city and that is not a charter county or a county with an optional unified form of government.

The Act defines "convention facility" as all or any part of, or any combination of, a convention hall, auditorium, arena, meeting rooms, exhibition area, and related adjacent public areas that are generally available to the public for lease on a short-term basis for holding conventions, meetings, exhibits, and similar events, together with appurtenant property, including parking lots or structures, necessary and convenient for use in connection with the convention facility. Under the bill, the term would include a sports facility, a market, and "other facility" meeting rooms. The bill also would delete the requirement that the facility be available to the public for lease on a short-term basis for holding conventions, meetings, exhibits, and similar events. Instead, it would require that the facility be made available to the public for lease or use.

Powers of the Authority

An authority may do all things necessary or convenient to carry out the purposes, objectives, and provisions of the Act and the purposes, objectives, and powers delegated to the authority or its board by other laws or executive orders. An authority's powers include the power to develop a convention facility. The bill would change that to develop, acquire, or own one or more convention facilities.

The authority's powers also include entering into contracts and other instruments necessary, incidental, or convenient to the performance of its duties and the exercise of its powers and designating the people who have authority to execute the contracts and instruments on behalf of the authority. Under the bill, the power to enter into contracts would include management contracts. The authority also could hire any other service providers or consultants the authority deemed appropriate to assist in the performance of its duties.

Board of Directors

The Act requires an authority's board of directors to consist of seven members as follows:

- Two residents of the qualified county appointed by the county board of commissioners, one of whom is from the private sector with experience in economic development.
- Two residents of the qualified county appointed by the mayor of the qualified city, with approval by the city's legislative body, one of whom is from the private sector with experience in economic development.
- One resident of the qualified county appointed by the Governor.
- Two residents of the qualified county appointed by the other five members at the first meeting of the board, both selected from a list of not fewer than three individuals provided by the local convention and visitors bureau.

Under the bill, *at least* one of the residents appointed by the county board of commissioners and by the mayor would have to be from the private sector with economic development experience.

Every two years after the first appointment of the two board members by the other five, one member must be appointed at the first board meeting after the member's term expires. Under the bill, if the local convention and visitors bureau wanted an existing member to be reappointed by the other five members for another term, it would have to notify the other five members, who then would have the option of reappointing or not reappointing the existing member. If he or she were not reappointed, the local bureau would have to

give the five members a list of at least three individuals who were residents of the qualified county, from which one would have to be appointed to the board. If the bureau had determined that an existing member whose term was expiring or had expired should not be reappointed, it would have to give the five members a list of at least three individuals who were residents of the qualified county, from which one would have to be appointed to the board.

The bill would delete a provision under which a person is not eligible to be a member of the board if he or she has served 12 or more consecutive years as a board member.

MCL 141.1403 et al.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The Grand Rapids-Kent County Convention Arena Authority was created in March 2000 by the City of Grand Rapids and Kent County under the Convention Facility Authority Act. The Authority presently is responsible for overseeing DeVos Place, DeVos Performance Hall, and Van Andel Arena. In fiscal year 2010-11, according to Committee testimony submitted on behalf of the Authority, these venues hosted over 1.1 million attendees, with nearly 450,000 coming from outside Kent County, and contributed more than \$32.7 million in net new spending within the county. The Authority has had a positive impact on the business climate in downtown Grand Rapids, contributed to the demand for downtown living, and attracted a strong workforce. Now, several statutory amendments would help the Authority to continue making progress.

First, under current law it is unclear whether the Authority has the ability to manage facilities other than arenas and convention centers. Several economic development projects are under consideration and it would be advantageous to give those involved with the projects the option of partnering with the Authority. Doing so also would spur growth by keeping the Authority in line with contemporary economic goals. Expanding the Authority's jurisdiction to provide for sports facilities, a market, and

other facility meeting rooms would meet these goals.

Second, removing board members' term limits would allow the appointing body to determine who is best suited to serve on the board. Municipally based boards typically do not have legislatively imposed term limits, and neither should the Authority.

Legislative Analyst: Glenn Steffens

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.