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BILL



ANALYSIS

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Senate Bill 123 (as introduced 1-30-13)
Sponsor: Senator Dave Hildenbrand
Committee: Economic Development

Date Completed: 2-21-13

CONTENT

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

- **Expand the definition of "qualified county".**
- **Include a sports facility, market, or other facility 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. It was enacted in 1999 to provide for the creation of an authority to serve as an oversight body for the approval of plans and timely disbursement of funds appropriated for the expansion of an existing convention center in Grand Rapids.

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 bill would delete the restriction that a qualified county not be 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, market, or other facility. 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 board's powers include the authority to enter into contracts and other instruments necessary, incidental or convenient to the performance of its duties and the exercise of its powers and to designate 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 of 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 provide 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 restriction 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.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

By expanding the number of counties affected by the Act and an authority's powers, the bill would change local unit revenue and/or expenses by an unknown amount that would

depend on the characteristics of the specific facilities and the relevant mix of funding for them. In most cases, authority revenue and expenses would likely increase, and the impact on local units affiliated with the authority would depend on the extent to which the authority's activities replaced or supplemented those of the local unit.

The bill would have no effect on State revenue or expenditure.

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.