SENATE BILL No. 1065

June 12, 2018, Introduced by Senators HORN, SCHMIDT, HANSEN, PROOS, HERTEL and KNEZEK and referred to the Committee on Economic Development and International Investment.

A bill relating to the solicitation, promotion, and staging of large special events in this state; to provide support for solicitation of large special events; to assist nonprofit convention and tourist bureaus; to provide for the creation and administration of certain funds; to provide for certain grants to support large special events in this state; to allocate certain revenues; to establish the functions and duties of certain state departments and agencies; and to make certain appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1. This act shall be known and may be cited as the "large special events fund act".

Sec. 2. The legislature finds all of the following:

(a) Out-of-state tourism, out-of-state business meetings and conventions, and national and international sporting events
convened in this state are major sources of employment, income, and
tax revenues in this state, and the expansion of the tourism and
meeting industry is vital to the growth of this state's economy.

(b) When deciding where to stage an event, organizers of large
special events often consider financial assurances that bidders
seeking to host an event can offer to meet the obligations promised
to the organizers in a bid to host a large special event.

(c) Investment of state resources is needed to provide a more
effective means of marketing the state as a destination to host
large special events, and to optimize the considerable investment
of time, energy, capital, and resources being made by the tourism
and meeting industry, which is at a disadvantage to other states
when soliciting large special events to come to this state, as
other states provide monetary support to their tourism, meeting-
planning, and sporting event partners that solicit large special
events.

(d) The state can best undertake effective marketing to, and
solicitation of, large special events to the state through the
coordinated efforts of existing state government agencies promoting
this state as a destination for business with private convention
and tourism promotional bureaus that are better able than state
agencies to market and promote their unique assessment districts to
attract large special events to this state.

(e) A coordinated and rational funding policy for soliciting
and staging large special events through the state government and
local bureaus is necessary to maximize the benefits to this state
and its citizens of a vibrant tourism, meeting and convention, and
sporting event industry and to ensure proper funding of a comprehensive large special event program for this state.

(f) State tax revenues are increased as a result of out-of-state economic activity brought into this state by hosting out-of-state visitors in this state in connection with a large special event.

Sec. 3. As used in this act:

(a) "Bid" means a proposal submitted by a bureau or a local organizing committee to a site selection organization to host a large special event within this state.

(b) "Bureau" means a nonprofit corporation incorporated under the laws of this state existing solely to promote convention business and tourism within this state or a portion of this state, and which collects an assessment under the convention and tourism marketing act, 1980 PA 383, MCL 141.881 to 141.889, the community convention or tourism marketing act, 1980 PA 395, MCL 141.871 to 141.880, or the regional tourism marketing act, 1989 PA 244, MCL 141.891 to 141.900.

(c) "Eligible expenses" means the actual and necessary expenses incurred or to be incurred by a bureau or a local organizing committee to provide hosting services for a large special event under an event support contract between the site selection organization and a bureau or local organizing committee. Eligible expenses include, but are not limited to, 1 or more of the following:

(i) Venue rentals.

(ii) Transportation services.
(iii) Food service costs.
(iv) Printing and media production costs.
(v) Licensing fees.
(vi) Lodging and travel expenses of the organization staging the large special event incurred after a site in this state has been selected to host a large special event.
(vii) Promotional activities.
(viii) Equipment and staging rental charges.
(ix) Additional security or sanitation expense incurred by a local municipality in connection with a large special event.
(x) Temporary improvements to a venue necessary to stage a large special event.

(d) "Event grant" means an award of money from the fund by the strategic fund to assist a bureau or local organizing committee with defraying eligible expenses that are the responsibility of the bureau or local organizing committee pursuant to an event support contract between a site selection organization and a bureau or local organizing committee.

(e) "Event support contract" means an undertaking, agreement, or a bid to host a large special event executed or submitted by a bureau or its local organizing committee and executed or otherwise accepted by a site selection organization.

(f) "Fund" or "large special events fund" means the large special events fund established in section 4.

(g) "Large special event" means an event or a related series of events regularly staged or sponsored by a multistate or nationally recognized organization for which a bureau or a local
organizing committee seeks approval from a site selection organization to hold the event at a site in this state that meets all of the following:

(i) Is expected to bring out-of-state visitors to this state for a period of at least 2 days.

(ii) Has the required attendance.

(iii) Meets 1 of the following:

(A) Has not been hosted in this state within the 12-month period prior to the anticipated start date for the event.

(B) Is a multiyear event staged by the same site selection organization to be staged in sequential years in the same state.

"Local organizing committee" means a subsidiary of a bureau organized by the bureau to provide support services for a large special event pursuant to an event support contract entered into between the local organizing committee and the site selection organization.

"Required attendance" means 1 of the following:

(i) An attendance of at least 5,000 people who reside outside of this state for an event held within the marketing area of a bureau collecting an assessment under the convention and tourism marketing act, 1980 PA 383, MCL 141.881 to 141.889.

(ii) An attendance of at least 1,500 people who reside outside of this state for an event held within the marketing area of a bureau collecting an assessment under the convention or tourism marketing act, 1980 PA 395, MCL 141.871 to 141.880, whose assessment district includes a county with a population of at least 550,000 but not more than 650,000.
(iii) An attendance of at least 900 people who reside outside of this state for an event held within the marketing area of a bureau collecting an assessment under the convention or tourism marketing act, 1980 PA 395, MCL 141.871 to 141.880, not subject to subparagraph (ii) or the regional tourism marketing act, 1989 PA 244, MCL 141.891 to 141.900.

(j) "Site selection organization" means designated officials of a multistate or nationally recognized entity that holds large special events who are charged by that entity with selecting the sites to hold the event.

(k) "Strategic fund" means the Michigan strategic fund created in the Michigan strategic fund act, 1984 PA 270, MCL 125.2001 to 125.2094.

(l) "Treasurer" means the treasurer of this state.

Sec. 4. (1) The large special events fund is created within the state treasury.

(2) The state treasurer may receive money or other assets from any source for deposit into the fund. The state treasurer shall direct the investment of the fund. The state treasurer shall credit to the fund interest and earnings from fund investments.

(3) Money in the fund at the close of the fiscal year shall remain in the fund and shall not lapse to the general fund.

(4) The strategic fund shall be the administrator of the fund for auditing purposes.

(5) The strategic fund shall expend money from the fund, upon appropriation, only as provided in this act.

(6) From the general fund for the 2018-2019 fiscal year,
$2,000,000.00 is appropriated to the fund for event grants under this act.

Sec. 5. (1) A bureau or local organizing committee that intends to submit a bid to host a large special event to a site selection organization or that has entered into an event support contract with a site selection organization may apply to the strategic fund for an event grant.

(2) An event grant may be awarded by the strategic fund prospectively in order to support the bureau's bid, with actual payment of the event grant contingent upon the bureau's or local organizing committee's entering into an event support contract with the site selection organization.

(3) The strategic fund may award the event grant in the sum requested by the bureau or local organizing committee upon determining all of the following:

(a) The event to be held in this state is a large special event.

(b) Expenses for which the grant is requested are eligible expenses.

(c) The bureau or local organizing committee has demonstrated to the strategic fund that at least 60% of the incremental increase in tax receipts as a result of staging the large special event in this state will be derived from out-of-state residents or businesses.

(4) The event support grant shall be used by the bureau or local organizing committee solely for defraying the eligible expenses incurred or to be incurred by the bureau or local
organizing committee pursuant to an event support contract.

(5) An event grant shall be paid over to the bureau or local organizing committee by the strategic fund in installments that coincide with the bureau's or local organizing committee's payment of eligible expenses pursuant to the event support contract.

Sec. 6. (1) If a site selection organization selects a site for a large special event in this state pursuant to a bid by a bureau or a local organizing committee, upon request of the strategic fund or a bureau or local organizing committee, the treasurer shall determine for a 1-year period that begins 6 months before the date on which the large special event will begin, in accordance with procedures developed by the treasurer, both of the following:

(a) The anticipated incremental increase in the receipts to the state from tax imposed under the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1101 to 436.2303, within the market areas designated under subsection (3), that is directly attributable, as determined by the treasurer, to the preparation for and hosting of the large special event and related activities.

(b) The anticipated incremental increase in the receipts collected by the state in the market area from the sales tax as provided in section 25 of the general sales tax act, 1933 PA 167, MCL 205.75, and the use tax as provided in section 21 of the use tax act, 1937 PA 94, MCL 205.111, that is directly attributable, as determined by the treasurer, to the preparation for and hosting of the large special event and related activities.

(2) A request for a determination of the amount of anticipated
incremental increase in tax receipts described in subsection (1) must be submitted to the treasurer not earlier than 1 year and not later than 90 days before the date the large special event begins. The treasurer shall base the determination specified by subsection (1) on information submitted by the bureau or local organizing committee to the strategic fund and must make the determination not later than 30 days after the date the treasurer receives the request and related information.

(3) For the purposes of subsection (2), the treasurer shall designate as a market area for the event each area in which the treasurer determines there is a reasonable likelihood of measurable economic impact directly attributable to the preparation for and presentation of the large special event and related activities, including areas likely to provide venues, accommodations, and services in connection with the large special event based on the proposal provided by the bureau or local organizing committee to the strategic fund. The treasurer shall determine the geographic boundaries of each market area, which shall not be less than the assessment district of the bureau within which the large special event will be held.

Sec. 7. (1) The department of treasury shall remit to the strategic fund and the strategic fund shall deposit into the fund the following amounts:

(a) Fifty percent of the anticipated incremental increase in taxes to be collected by the state as determined by the treasurer under section 6(1)(a), as provided in section 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207.
(b) Fifty percent of the anticipated incremental increase in
taxes to be collected by the state as determined by the treasurer
under section 6(1)(b), as provided in section 25 of the general
sales tax act, 1933 PA 167, MCL 205.75, and section 21 of the use
tax act, 1937 PA 94, MCL 205.111.

(2) The treasurer shall remit the sums provided for in
subsection (1) on or before 60 days after making the determination
described in subsection (1) or at a time otherwise determined to be
practicable by the treasurer.

Sec. 8. This act shall not be construed as creating or
requiring a state guarantee of obligations imposed on any bureau or
local organizing committee under an accepted bid or event support
contract or other agreement relating to hosting 1 or more large
special events in this state.

Sec. 9. The treasurer may not undertake any of the
responsibilities or duties set forth in this section unless a
request is submitted by a bureau or local organizing committee. The
request shall also be accompanied by documentation from a site
selection organization selecting the site for the event.

Sec. 10. A final bid that is submitted by a bureau or local
organizing committee to a site selection organization, or a draft
of that bid, is exempted from public disclosure by the strategic
fund under the freedom of information act, 1976 PA 442, MCL 15.231
to 15.246, until the applicable site selection organization accepts
the bid. Nothing in this section shall be construed as subjecting a
bureau or local organizing committee to the freedom of information
act, 1976 PA 442, MCL 15.231 to 15.246.
Sec. 11. Beginning with the third year after the first grant is awarded under this act, and annually thereafter, the strategic fund shall publish a report that itemizes all of the following:

(a) The number and amount of grants awarded under this act.
(b) The large special events supported by grants under this act.
(c) The bureaus that were the recipients of grants under this act.
(d) The amount of money deposited into the fund from the incremental increase in taxes.
(e) The total incremental increase in taxes realized by the state from the special events staged in this state.
(f) Any other information considered appropriate by the strategic fund.