

Senate Committee on Commerce and Tourism

A meeting of the Senate Committee on Commerce and Tourism was held Thursday, November 4, 2010 at 2:30 p.m. in Room 100 of the Farnum Building.

The meeting was called to order at 2:34 p.m.

Members present: Senators Allen, Nofs, Stamas, Clarke and Hunter

Members excused: None

Senator Allen called the meeting to order.

Senator Allen laid before the committee Senate Bill 1515. Senator Allen called Senator Birkholz, sponsor of the legislation, up to testify.

Senator Birkholz stressed that the bill's language was permissive, and not a mandate. Senator Birkholz explained that the bill allowed local Convention and Visitors Bureaus (CVBs) to increase their room fee assessment from 2 to 5 percent. Senator Birkholz further explained that this increase would be a local decision and would give the locals tools, but would not be a replacement for the Pure Michigan campaign. She also stressed that tourism is very important for Michigan's economy, and that advertising is critical to the success of the tourism industry.

Brad Van Dommelen, representing the Michigan Association of Convention and Visitors Bureaus, testified in support of the bill. Mr. Van Dommelen explained that the issue is very important for locals and the tourism industry, and that it complements and strengthens the Pure Michigan efforts. Mr. Van Dommelen stressed that smaller CVBs would benefit from this legislation, as must large CVBs are already at 5 percent.

Sally Laukitis, representing the Michigan Association of Convention and Visitors Bureaus, as well as the Holland CVB, echoed Mr. Van Dommelen's comments and explained that she has looked at the new draft of the legislation and believes it makes it into a stronger bill.

James McBryde, representing the Michigan Economic Development Corporation, and Dave Lorenz, representing Travel Michigan, testified in support of the bill. Mr. Lorenz

stated that he thought the enforcement measures are good in the bill. Mr. McBryde mentioned again the importance of the local component to Pure Michigan.

Justin Mortier, representing Sugar Beach Resort Hotel, supported the bill and did not wish to testify.

Linda Freybler, representing the Calhoun County Visitors Bureau, supported the bill and did not wish to testify.

Nancy Parker, representing the Saginaw Valley Zoological Society, supported both Senate Bills 1515 and 1419 and did not wish to testify.

Joshua Bull, representing the Frankenmuth Chamber/CVB, supported both Senate Bills 1515 and 1419 and did not wish to testify.

Jamie Furbush, representing Frankenmuth, supported both Senate Bills 1515 and 1419 and did not wish to testify.

Ashley Hopp, representing the Frankenmuth Chamber/CVB, supported both Senate Bills 1515 and 1419 and did not wish to testify.

Tom Begin, representing Thomas Township, supported both Senate Bills 1515 and 1419 and did not wish to testify.

Lori Page, representing the Saginaw Valley SVB and Great Lakes Bay Region CVB, supported both Senate Bills 1515 and 1419 and did not wish to testify.

Kim Mullard, representing the Bay City CVB, supported both Senate Bills 1515 and 1419 and did not wish to testify.

Sonja Wood, representing the Midland CVB and Valley Plaza Resort, supported both Senate Bills 1515 and 1419 and did not wish to testify.

Annette Rummel, representing the Great Lakes Bay CVB, supported both Senate Bills 1515 and 1419 and would testify on SB 1419.

Richard Garber, representing Garb, supported both Senate Bills 1515 and 1419 and would testify on SB 1419.

Kelly Dee of Saginaw supported both Senate Bills 1515 and 1419 and would testify on SB 1419.

Peter Shaheen, representing himself, supported both Senate Bills 1515 and 1419 and would testify on SB 1419.

Millisa Getgood, representing Midland Resort, supported both Senate Bills 1515 and 1419 and did not wish to testify.

Peggy Reinhardt, representing the Frankenmuth CVB, supported both Senate Bills 1515 and 1419 and did not wish to testify.

Russ Taylor, representing Thomas Township, supported both Senate Bills 1515 and 1419 and did not wish to testify.

Herb Zeilinger, representing the Frankenmuth Chamber/CVB, supported both Senate Bills 1515 and 1419 and did not wish to testify.

Mitzi Dimitroff, representing the Great Lakes regional Alliance, supported both Senate Bills 1515 and 1419 and did not wish to testify.

Hillary Norfleet, representing SAMSA, supported both Senate Bills 1515 and 1419 and did not wish to testify.

Kenneth Kurecka, representing Great Lakes Bay Michigan Works, supported both Senate Bills 1515 and 1419 and did not wish to testify.

Robert Van Deventer, representing the Saginaw County Chamber of Commerce, supported both Senate Bills 1515 and 1419 and did not wish to testify.

JoAnn Crary, representing Saginaw Future Inc., supported both Senate Bills 1515 and 1419 and did not wish to testify.

Sheril Tarrant, representing the Great Lakes Bay Regional Alliance, supported both Senate Bills 1515 and 1419 and did not wish to testify.

Senator Stamas moved to adopt the substitute (S-1) to Senate Bill 1515. Senator Clarke supported the motion. By an affirmative vote of the majority of members serving, the substitute was adopted. Voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)

Nays: none (0)

Pass: none (0)

Excused: none (0)

Senator Allen asked Ken Osborne to explain the substitute. Mr. Osborne explained that the substitute included specific requirements in reporting and auditing to promote transparency.

Senator Stamas moved that Senate Bill 1515 (S-1) be reported out of committee with the recommendation that the bill then pass. Senator Clarke supported the motion.

The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)

Nays: none (0)

Pass: none (0)

Excused: none (0)

Senator Nofs moved that Senate Bill 1515 (S-1) be given immediate effect. Senator Hunter supported the motion.

The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)

Nays: none (0)

Pass: none (0)

Excused: none (0)

Senator Allen laid before the committee Senate Bill 1419. Senator Allen recognized the work of Senator Stamas as sponsor of this bill, and of Senator Barcia's staff who was in attendance to support the bill.

Annette Rummel, Kelly Dee, Richard Garber, and Peter Shaheen were called forth to give a presentation on Senate Bill 1419 and the creation of the Great Lakes Bay Regional CVB. Ms. Rummel listed the support from various organizations and CVBs in the Bay, Midland, and Saginaw County Region. Ms. Rummel also explained the different fee structures the three county CVBs currently operate under, and the need to raise the cap from 2 to 5 percent as a collective when merging the county CVBs. Ms. Rummel further stated that their regional CVB would serve as a model for the state.

Mr. Dee stated that the merger of the different CVBs would equalize the region and enable consolidation of resources. Mr. Dee commented that the effort has received overwhelming local support, and that the language in the bill was permissive and not a mandate. Mr. Garber stated that he was speaking on behalf of local business owners, and that they supported this effort. Mr. Garber further stated that this was a unique opportunity and that there was unanimous support for it in the community. Mr. Shaheen spoke as a tourism business owner, stating that the regional structure would be sustainable and not request state funding, and would act as a mechanism for locals.

Senator Allen questioned if there was a need for definition in the bill on what tourism economy is. Ms. Rummel explained that the bill purposely left it up for the board of directors of the CVB to interpret.

Representative Horn stated his appreciation for the work that the committee and senate were doing on this issue.

Senator Nofs asked if any other CVBs around the state were able to do 5% currently. Ms. Rummel stated that Grand Rapids currently has a 5% fee, and that the bill was trying to create an even playing field.

Andy Schor, representing the Michigan Municipal League and Bay City, supported Senate Bill 1419 and did not wish to testify.

Senator Jim Barcia supported Senate Bill 1419 and did not wish to testify.

Senator Stamas thanked those in the audience for coming today and for working to put this regional CVB into place.

Senator Stamas moved to adopt the substitute (S-1) to Senate Bill 1419. Senator Clarke supported the motion. By an affirmative vote of the majority of members serving, the substitute was adopted. Voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)
Nays: none (0)
Pass: none (0)
Excused: none (0)

Senator Allen asked Ken Osborne to explain the substitute. Mr. Osborne explained that the substitute mirrors language from Senate Bill 1515 involving specific requirements in reporting and auditing to promote transparency.

Senator Hunter asked about whether earmarks or guidance on administrative costs should be included in the bill. Senator Allen explained that this has never been a requirement in other bills pertaining to this issue. Mr. Rummel further stated that her personal believe is that administrative costs should be 30% or less of total costs in non-profits, and that this would be the model she uses in the Great Lakes Bay Regional CVB.

Senator Stamas moved that Senate Bill 1419 (S-1) be reported out of committee with the recommendation that the bill then pass. Senator Hunter supported the motion.

The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)
Nays: none (0)
Pass: none (0)
Excused: none (0)

Senator Nofs moved that Senate Bill 1419 (S-1) be given immediate effect. Senator Hunter supported the motion.

The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)
Nays: none (0)
Pass: none (0)
Excused: none (0)

Senator Allen laid before the committee Senate Bill 1529.

Steve Perdue, representing Grand Traverse Industries, testified in support of the bill and substitute. Mr. Perdue stated that this was an effort to modernize the act from 1978, and would clarify duties of the committee to determine fair market price. This would help employ more disabled people, and moving the bill through the process gives more attention to this system. Mr. Perdue also mentioned that when looking to make products outside of the state, this system helps keep jobs and business within the state.

David Price, representing Maro Employment and Training, testified in support of the bill and stated that it increased products produced and opportunities within the state.

Mitchell Tomlinson, representing Peckham Inc., stated there was pride in working and that this law helps to allow participating in this program by removing gray areas.

Randy Slikkers, representing the Goodwill Association of Michigan, testified in support of the bill. Mr. Slikkers stated that there is currently a hesitancy to invest with the current system, but with the changes in this bill there should be an increase. Mr. Slikkers further stated that the number of employed should rise, and while the Senate Fiscal Analysis states there would be no impact, he believes there will have an impact as giving employment helps reduce the dependency on social services and programs.

Kelly Miller, representing Senator Jansen, supported the legislation and stated their thanks to the committee for taking up the bill. Ms. Miller further stated that they have worked with the Department of Technology, Management and Budget on the substitute.

David Newman, representing the Department of Technology, Management and Budget, supported the bills and did not wish to testify.

Senator Stamas moved to adopt the substitute (S-2) to Senate Bill 1529. Senator Clarke supported the motion. By an affirmative vote of the majority of members serving, the substitute was adopted. Voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)
Nays: none (0)
Pass: none (0)
Excused: none (0)

Senator Hunter moved that Senate Bill 1529 (S-2) be reported out of committee with the recommendation that the bill then pass. Senator Nofs supported the motion.

The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)
Nays: none (0)
Pass: none (0)
Excused: none (0)

Senator Clarke moved that Senate Bill 1529 (S-2) be given immediate effect. Senator Nofs supported the motion.

The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)

Nays: none (0)

Pass: none (0)

Excused: none (0)

Senator Allen laid before the committee House Bills 5977, 5979, 5988, 5989, and 5998.

Ken Osborne explained that the bills were the House equivalent package to the Senate Transit Oriented Development bills passed earlier this year from committee.

Bill McMaster, representing Taxpayers United Michigan Foundation, testified in opposition to the bills. Mr. McMaster raised concerns again of the creation of authorities and economic development corporations. Mr. McMaster further explained the court case against DARTA and the Supreme Court ruling against the creation of that transit authority. Mr. McMaster stated his belief that this legislation would be similarly challenged as unconstitutional under the Headlee amendment and he encouraged the committee members to further look at the Supreme Court ruling.

Andy Schor, representing the Michigan Municipal League, supported the legislation and did not wish to testify.

Senator Hunter moved that House Bill 5977 be reported out of committee with the recommendation that the bill then pass. Senator Stamas supported the motion. The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)

Nays: none (0)

Pass: none (0)

Excused: none (0)

Senator Clarke moved that House Bill 5977 be given immediate effect. Senator Nofs supported the motion.

The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)

Nays: none (0)

Pass: none (0)

Excused: none (0)

Senator Nofs moved that House Bill 5979 be reported out of committee with the recommendation that the bill then pass. Senator Stamas supported the motion. The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)

Nays: none (0)
Pass: none (0)
Excused: none (0)

Senator Clarke moved that House Bill 5979 be given immediate effect. Senator Hunter supported the motion.

The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)
Nays: none (0)
Pass: none (0)
Excused: none (0)

Senator Clarke moved that House Bill 5988 be reported out of committee with the recommendation that the bill then pass. Senator Hunter supported the motion.

The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)
Nays: none (0)
Pass: none (0)
Excused: none (0)

Senator Nofs moved that House Bill 5988 be given immediate effect. Senator Stamas supported the motion.

The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)
Nays: none (0)
Pass: none (0)
Excused: none (0)

Senator Stamas moved that House Bill 5989 be reported out of committee with the recommendation that the bill then pass. Senator Nofs supported the motion.

The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)
Nays: none (0)
Pass: none (0)
Excused: none (0)

Senator Hunter moved that House Bill 5989 be given immediate effect. Senator Clarke supported the motion.

The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)
Nays: none (0)

Pass: none (0)

Excused: none (0)

Senator Clarke stated that although he was voting to support the bills, he wanted to acknowledge the validity of the concerns raised by Mr. McMaster. Senator Clarke further stated his belief that it was important to promote a comprehensive regional transit system. Senator Allen stated that in the discussions on these bills during the workgroups that the emphasis be on creating tools for locals to use.

Senator Stamas moved that House Bill 5998 be reported out of committee with the recommendation that the bill then pass. Senator Nofs supported the motion. The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)

Nays: none (0)

Pass: none (0)

Excused: none (0)

Senator Clarke moved that House Bill 5998 be given immediate effect. Senator Hunter supported the motion.

The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

Yeas: Senators Allen, Nofs, Stamas, Clarke and Hunter (5/5)

Nays: none (0)

Pass: none (0)

Excused: none (0)

Senator Allen laid before the committee Senate Bill 1199.

Chris Cardinal, representing Senator Barcia, testified in explanation of the bill. Mr. Cardinal stated that the bill arose from concerns of bowling owners after the smoking ban was enacted. Senator Barcia had discussions with some of these bowling center owners, who brought their concerns to him about people walking outside in inclement weather with bowling shoes, and then slipping and falling within the bowling facility.

Senator Allen stated his intention to vote this bill out of committee next week in order to give time to concerns with the bill to be addressed and worked out.

Devin Glass, representing the Michigan Association for Justice, testified in opposition to the legislation. Mr. Glass stated that there were concerns with the bill as it is not easy to pursue a slip and fall lawsuit and that some current statutes to address this type of issue. Mr. Glass stated his belief that this bill would likely increase litigation and he has concerns with evidence issues that would put more requirements on owners and would increase costs for compliance.

Senator Hunter stated that he understands the concerns that Mr. Glass raised on this issue. Mr. Glass further stated that it would be difficult to demonstrate that going outside was the sole cause for the incident. Senator Hunter stated his belief that there are some issues to work out on this bill.

Senator Allen stated his displeasure that this was the first time he had heard from the Michigan Association for Justice on this bill, although it had been in the committee since March. Senator Allen also stated that he had heard from bowling center owners on this issue at meetings in his district. Senator Allen further stated his goal was to have this bill up next week, with his desire to have specific issues worked out.

Scott Faustin, representing the Bowling Centers Association of Michigan, supported the bill and did not wish to testify.

Senator Allen asked Ken Osborne to update the committee on the meeting for the following week, noting it would take place at 8 am on Tuesday. Mr. Osborne stated that the committee would look at bills regarding the Detroit Institute of Art and the Detroit Zoo at next week's meeting.

Senator Allen adjourned the committee 3:52 p.m.

Respectfully Submitted,

Lauren K. Michalak
Committee Clerk

Jason E. Allen
Chairman

Date Approved by Committee