

Legislative Analysis



\$20 MILLION LOAN TO MICHIGAN PROMOTION FUND

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House Bill 5909 (Substitute H-2)

Sponsor: Rep. Gary McDowell

1st Committee: Appropriations

2nd Committee: Tourism, Outdoor Recreation and Natural Resources

Complete to 3-10-10

A SUMMARY OF HOUSE BILL 5909 AS REPORTED FROM COMMITTEE 3-9-10

The bill would amend Public Act 105 of 1855 to allow the State Treasurer to loan up to \$20 million to the Michigan Strategic Fund under the following conditions:

- The money would go to the Michigan Promotion Fund described in Section 39 of the Michigan Strategic Fund Act (under House Bill 5018). The proposed Promotion Fund would pay for certain tourism and business promotion efforts of the Michigan Economic Development Corporation, including the "Pure Michigan" advertising campaign.
- The loan would be allowed only if the State Treasurer determined that it could be repaid by state assessments on motor vehicle rentals under the Michigan Promotion Assessment Act (under House Bill 5017).
- The loan would be payable within five years, and the State Treasurer could prescribe additional loan terms.

The bill is tie-barred to House Bills 5017 (rental car assessment) and 5018 (Michigan Promotion Fund), meaning that it will not take effect unless those bills are enacted into law.

FISCAL IMPACT:

The bill would allow the State Treasurer to loan up to \$20 million in state surplus funds to the Michigan Strategic Fund. While the state would forego the initial funds loaned to the Michigan Strategic Fund, the state would be repaid within five years from the state assessments on motor vehicle rentals under the Michigan Promotion Assessment Act. Ostensibly the bill's provisions would have a short term negative fiscal impact to the extent that the state is foregoing surplus funds. However, the bill would have no long term fiscal impact in that the state's loan would be repaid in full within five years.

POSITIONS:

The Michigan Economic Development Corporation supports the bill. (3-9-10)

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