

CREATE AND FUND THE NORTHERN MICHIGAN REGIONAL TOURISM AND SPORTS FUND

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5134 (committee substitute H-1)
Sponsor: Rep. Beau Matthew LaFave
Committee: Michigan Competitiveness
Complete to 12-4-17

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5134 would amend the State Convention Facility Development Act to create the Northern Michigan Regional Tourism and Sports Fund within the state treasury and to require an annual distribution, until fiscal year 2026-27, of \$1.9 million to the fund from the Convention Facility Development Fund.

Northern Michigan Regional Tourism and Sports Fund

The bill would create this fund within the state treasury. The state treasurer could receive money or assets from any source for deposit into the fund, and would direct the investment of the fund. Any interest and earnings on investments from the fund would be credited to the fund. Money in the fund at the close of a fiscal year would remain in the fund and not lapse to the general fund. However, money remaining in the fund on September 30, 2028 would lapse to the Convention Facility Development Fund.

The Department of Treasury would expend money from the fund, upon appropriation, to the Great Lakes Sports Commission for the development or improvement of facilities or for events promoting tourism and recreation in northern Michigan. Money could not be distributed to the fund if it impaired obligations, bonds, or other evidences of indebtedness issued under the act.

Convention Facility Development Fund

Currently under the act, the state treasurer makes monthly distributions from this fund to a “qualified local governmental unit.” Among other entities, a qualified local governmental unit can be a metropolitan authority that operates a convention facility under the Regional Convention Facility Authority Act.

The distribution from the fund to a qualified local governmental unit is in an amount equal to the sum of the following:

- Collections from the excise tax levied on accommodations for the previous month from the convention hotels in the county in which the convention facility is located or *to be* located, and in any county in which convention hotels are located that is contiguous to the county in which the facility is located or *to be* located.
- Collections from the 4% specific tax on liquor for the previous month received in the fund.
- Any distribution received from the Health and Safety Fund Act or from the 21st Century Jobs Trust Fund.

Distributions for any state fiscal year to any qualified local governmental unit cannot exceed the amount pledged, assigned, or dedicated by the unit for payment during that state fiscal year

of bonds, obligations, or other evidences of indebtedness incurred under the act or the Regional Convention Facility Authority Act, *plus* operating deficit cost expenditures and other authorized expenditures, *plus* any amount necessary to maintain a fully funded debt reserve or other similar reserve.

Any money remaining in the fund that is not used for bonds, obligations, or indebtedness or other allowable purpose is distributed according to statute, in a specific order of priority. The remaining money is first distributed to a metropolitan authority created under the Regional Convention Facility Authority Act for the operational deficit costs of a qualified convention facility operated by the authority.

Proposed Distribution

Under the bill, after the monthly distribution to a qualified local governmental unit, but before the distribution of additional money remaining in the fund, \$1.9 million would be distributed to the proposed Northern Michigan Regional Tourism and Sports Fund. This distribution would only occur for fiscal years 2017-18 through 2026-27. The \$1.9 million would be deducted from the remaining money otherwise distributed according to statute.

MCL 207.629

FISCAL IMPACT:

House Bill 5134 would reduce available revenues from the Convention Facility Development Fund that are currently used to pay off bonds prior to the maturity date that were issued for Cobo Center renovations. Specifically, available revenues would be reduced by \$1.9 million annually between fiscal year 2017-18 and fiscal year 2026-27. The bonds are held by the Detroit Regional Convention Facility Authority (DRCFA). The provisions of the bill would not affect DRCFA's required debt service payments related to the Cobo Center renovations.

The bill would place payments to the Northern Michigan Regional Tourism and Sports Fund above only the final distribution of excess revenues used to pay off the outstanding bonds associated with the Cobo Center early. Therefore, if revenues were ever insufficient to cover all statutory obligations, the Northern Michigan Regional Tourism and Sports Fund would be the first to realize a reduced or eliminated statutory payment.

The bill stipulates that funds deposited in the Northern Michigan Regional Tourism and Sports Fund would be available for the Great Lakes Sports Commission for the development or improvement of facilities or for events promoting tourism and recreation in northern Michigan upon appropriation by the legislature. Any fiscal impact to the state or local government from the creation of the Northern Michigan Regional Tourism and Sports Fund would depend on how and where the funds were expended.

Legislative Analyst: Patrick Morris
Fiscal Analyst: Ben Gielczyk

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.