

# HOUSE BILL No. 5117

September 6, 2005, Introduced by Reps. Gosselin, Garfield, Drolet and Pastor and referred to the Committee on Tax Policy.

A bill to amend 1985 PA 106, entitled  
"State convention facility development act,"  
by amending sections 3, 10, and 12 (MCL 207.623, 207.630, and  
207.632), section 12 as amended by 2002 PA 237.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 3. As used in this act:

2       (a) "Accommodations" means the room or other space provided to  
3       transient guests for dwelling, lodging, or sleeping, including  
4       furnishings and other accessories in a facility ~~which~~ **THAT** is not  
5       a campground, hospital, nursing home, emergency shelter, or  
6       community mental health or community substance abuse treatment  
7       facility. Accommodations do not include food or beverages.

8       (b) "Commissioner" means the state commissioner of revenue.

1 (c) "Convention facility" means 1 or more facilities owned or  
2 leased by a local governmental unit that are any combination of a  
3 convention hall, auditorium, meeting rooms, and exhibition areas  
4 that are separate and distinct and contiguous to each other, and  
5 related adjacent public areas generally available to members of the  
6 public for lease on a short-term basis for holding conventions,  
7 meetings, exhibits, and similar events and the necessary site or  
8 sites ~~therefor~~ **FOR THEM**, together with appurtenant properties  
9 necessary and convenient for use in connection with the facility.

10 (d) "Convention hotel" means a facility used in the business  
11 of providing accommodations ~~which~~ **THAT** has more than 80 rooms for  
12 providing accommodations to transient guests and ~~which~~ complies  
13 with all of the following:

14 (i) Located within a county having a population according to  
15 the most recent decennial census of ~~600,000~~ **700,000** or more.

16 (ii) Located within a county that is 1 or more of the  
17 following:

18 (A) A county ~~which~~ **THAT** has a convention facility with  
19 350,000 square feet or more of total exhibit space.

20 (B) A county that has 2,000 or more rooms to provide  
21 accommodations for transient guests.

22 (e) "Person" means a natural person, partnership, fiduciary,  
23 association, corporation, or other entity.

24 **(F) "QUALIFIED COUNTY" MEANS A COUNTY IN WHICH A CONVENTION**  
25 **HOTEL IS LOCATED.**

26 **(G)** ~~-(f)-~~ "Room charge" means the charge imposed for the use  
27 or occupancy of accommodations, excluding charges for food,

1 beverages, telephone services, the use tax imposed ~~pursuant to Act~~  
 2 ~~No. 94 of the Public Acts of 1937, being sections 205.91 to 205.111~~  
 3 ~~of the Michigan Compiled Laws~~ **UNDER THE USE TAX ACT, 1937 PA 94,**  
 4 **MCL 205.91 TO 205.111**, or like services paid in connection with the  
 5 charge. Room charge does not include reimbursement of the  
 6 assessment imposed by the community convention or tourism marketing  
 7 act, ~~Act No. 395 of the Public Acts of 1980, being sections~~  
 8 ~~141.871 to 141.880 of the Michigan Compiled Laws~~ **1980 PA 395, MCL**  
 9 **141.871 TO 141.880**, the convention and tourism marketing act, ~~Act~~  
 10 ~~No. 383 of the Public Acts of 1980, being sections 141.881 to~~  
 11 ~~141.889 of the Michigan Compiled Laws~~ **1980 PA 383, MCL 141.881 TO**  
 12 **141.889**, or this act.

13 (H) ~~-(g)-~~ "Transient guest" means a natural person staying  
 14 less than 30 consecutive days.

15 Sec. 10. (1) Any money remaining in the convention facility  
 16 development fund at the end of the state fiscal year shall be  
 17 transferred to the general fund of the state treasury to be  
 18 distributed in the next state fiscal year pursuant to subsection  
 19 (2).

20 (2) Money transferred from the convention facility development  
 21 fund to the general fund pursuant to subsection (1) shall be  
 22 distributed in the following order of priority in the following  
 23 amounts:

24 (a) An amount equal to the difference, if any, between the tax  
 25 imposed ~~pursuant to~~ **UNDER** this act in the preceding state fiscal  
 26 year that is designated ~~pursuant to~~ **UNDER** section 9 to a  
 27 qualified local governmental unit and the tax imposed ~~pursuant to~~

1 ~~UNDER~~ this act that is designated ~~pursuant to~~ **UNDER** section 9 in  
2 the state fiscal year ~~prior to~~ **IMMEDIATELY PRECEDING** the  
3 preceding state fiscal year for the same local governmental unit  
4 shall be distributed to that local governmental unit. This  
5 subdivision ~~shall~~ **DOES** not apply unless a tax has been imposed  
6 under this act in the entire 2 state fiscal years immediately  
7 preceding the state fiscal year in which a distribution under this  
8 subdivision is made. Any amount distributed ~~pursuant to~~ **UNDER**  
9 this subdivision shall be used by the local governmental unit only  
10 for the retirement of outstanding bonds, obligations, or other  
11 evidences of indebtedness incurred for which distributions  
12 ~~pursuant to~~ **UNDER** section 9 are pledged. A distribution under this  
13 subdivision shall not be made to the extent that the obligations,  
14 bonds, or other evidences of indebtedness cannot be retired or are  
15 not outstanding.

16 (b) Of the money transferred ~~pursuant to~~ **UNDER** subsection  
17 (1) and remaining after distributions under subdivision (a), an  
18 amount equal to that portion of the liquor tax collected ~~pursuant~~  
19 ~~to the convention facility promotion tax act~~ **UNDER SECTION 1207 OF**  
20 **THE MICHIGAN LIQUOR CONTROL CODE OF 1998, 1998 PA 58, MCL 436.2207,**  
21 from licensees in counties in which convention hotels are not  
22 located shall be distributed to those counties in which convention  
23 hotels are not located in the same proportion that the amount of  
24 tax collected ~~pursuant to the convention facility promotion tax~~  
25 ~~act~~ **UNDER SECTION 1207 OF THE MICHIGAN LIQUOR CONTROL CODE OF**  
26 **1998, 1998 PA 58, MCL 436.2207,** in the preceding state fiscal year  
27 from the licensees in a county bears to the total tax collections

~~pursuant to the convention facility promotion tax act~~ **UNDER**  
**SECTION 1207 OF THE MICHIGAN LIQUOR CONTROL CODE OF 1998, 1998 PA**  
**58, MCL 436.2207,** in the preceding state fiscal year from all  
 counties in which convention hotels are not located.

(c) The remaining money transferred ~~pursuant to~~ **UNDER**  
 subsection (1) after distributions under subdivisions (a) and (b)  
 shall be distributed to each county in the following amounts:

(i) The amount of money available to be distributed under this  
 subdivision multiplied by the percentage of collections in the  
 preceding state fiscal year under ~~the convention facility~~  
~~promotion tax act~~ **SECTION 1207 OF THE MICHIGAN LIQUOR CONTROL CODE**  
**OF 1998, 1998 PA 58, MCL 436.2207,** from licensees in counties in  
 which convention hotels are not located shall be distributed to  
 each county in which convention hotels are not located in the same  
 proportion that the amount of tax collected pursuant to ~~the~~  
~~convention facility promotion tax act~~ **SECTION 1207 OF THE MICHIGAN**  
**LIQUOR CONTROL CODE OF 1998, 1998 PA 58, MCL 436.2207,** in the  
 preceding state fiscal year from licensees in that county bears to  
 the total tax collections from ~~the convention facility promotion~~  
~~tax act~~ **SECTION 1207 OF THE MICHIGAN LIQUOR CONTROL CODE OF 1998,**  
**1998 PA 58, MCL 436.2207,** in the preceding state fiscal year from  
 all counties in which convention hotels are not located **NOT TO**  
**EXCEED THE AMOUNT DISTRIBUTED UNDER THIS SUBPARAGRAPH IN 1999.**

(ii) The amount of money available to be distributed under this  
 subdivision multiplied by the percentage of collections in the  
 preceding state fiscal year under ~~the convention facility~~  
~~promotion tax act~~ **SECTION 1207 OF THE MICHIGAN LIQUOR CONTROL CODE**

1 OF 1998, 1998 PA 58, MCL 436.2207, from licensees in counties in  
2 which convention hotels are located shall be distributed to each  
3 county in which convention hotels are located in the same  
4 proportion that the amount of tax collected pursuant to ~~the~~  
5 ~~convention facility promotion tax act~~ **SECTION 1207 OF THE MICHIGAN**  
6 **LIQUOR CONTROL CODE OF 1998, 1998 PA 58, MCL 436.2207,** in the  
7 preceding state fiscal year from licensees in that county bears to  
8 the total tax collections from ~~the convention facility promotion~~  
9 ~~tax act~~ **SECTION 1207 OF THE MICHIGAN LIQUOR CONTROL CODE OF 1998,**  
10 **1998 PA 58, MCL 436.2207,** in the preceding state fiscal year from  
11 all counties in which convention hotels are located **NOT TO EXCEED**  
12 **THE AMOUNT DISTRIBUTED UNDER THIS SUBPARAGRAPH IN 1999.** However, in  
13 the calculation of the proportion represented by a county's share  
14 of distributions under this subparagraph, the amount of the tax  
15 collected from licensees in the qualified local governmental unit  
16 that received distributions under section 9 in the last state  
17 fiscal year shall not be included.

18 (D) THE REMAINING MONEY TRANSFERRED UNDER SUBSECTION (1) AFTER  
19 DISTRIBUTIONS UNDER SUBDIVISIONS (A), (B), AND (C) SHALL BE  
20 DISTRIBUTED TO EACH CITY IN A QUALIFIED COUNTY ON A PRO RATA BASIS  
21 BASED ON THE AMOUNT COLLECTED AND DEPOSITED INTO THE CONVENTION  
22 FACILITY DEVELOPMENT FUND FROM THAT QUALIFIED COUNTY.

23 (3) A distribution to a county pursuant to this section shall  
24 be included for purposes of the calculations required to be made by  
25 section 24e of the general property tax act, ~~Act No. 206 of the~~  
26 ~~Public Acts of 1893, being section 211.24e of the Michigan Compiled~~  
27 ~~Laws~~ **1893 PA 206, MCL 211.24E.** If the governing body of a taxing

1 unit approves the additional millage rate under section 24e of the  
2 general property tax act, ~~Act No. 206 of the Public Acts of 1893~~  
3 **1893 PA 206, MCL 211.24E**, which is due to distributions pursuant to  
4 this section, then an amount equal to 50% of the distribution under  
5 this section shall be used for substance abuse treatment within the  
6 taxing unit.

7       Sec. 12. (1) Subject to approval pursuant to section 11, a  
8 local governmental unit may assign or pledge all or a portion of  
9 the distribution of taxes that the local governmental unit is  
10 eligible to receive under this act for payment of bonds,  
11 obligations, or other evidences of indebtedness for the purposes  
12 specified in section 8(2). If a local governmental unit assigns,  
13 pledges, or, pursuant to section 11(3), dedicates all or a portion  
14 of the distribution of taxes that the local governmental unit is  
15 eligible to receive under this act for payment of bonds,  
16 obligations, or other evidences of indebtedness incurred for the  
17 purposes specified in this act, the state treasurer may transmit to  
18 the duly appointed trustee or trustees for the bonds, obligations,  
19 or other evidences of indebtedness, if any, the payment of the  
20 distribution assigned, pledged, or dedicated by the local  
21 governmental unit.

22       (2) A local governmental unit shall not issue bonds,  
23 obligations, or other evidences of indebtedness to which  
24 distributions under section 9 are pledged in a principal amount  
25 greater than \$180,000,000.00. This limit does not apply to  
26 refunding bonds, obligations, or other evidences of indebtedness  
27 issued pursuant to section 11(2) or to bonds, obligations, or other

1 evidences of indebtedness to which distributions of taxes from the  
2 convention facility development fund are dedicated under section  
3 11(3).

4       (3) A LOCAL GOVERNMENTAL UNIT THAT HAS PLEDGED REVENUE FOR THE  
5 PAYMENT OF BONDS, OBLIGATIONS, OR OTHER EVIDENCES OF INDEBTEDNESS  
6 UNDER THIS ACT SHALL NOT REFUND A BOND, OBLIGATION, OR OTHER  
7 EVIDENCE OF INDEBTEDNESS UNDER THIS ACT UNLESS THE NET PRESENT  
8 VALUE OF THE PRINCIPAL AND INTEREST TO BE PAID ON THE REFUNDING  
9 BOND, OBLIGATION, OR OTHER EVIDENCE OF INDEBTEDNESS, EXCLUDING THE  
10 COST OF ISSUANCE, WILL BE LESS THAN THE NET PRESENT VALUE OF THE  
11 PRINCIPAL AND INTEREST TO BE PAID ON THE BOND, OBLIGATION, OR OTHER  
12 EVIDENCE OF INDEBTEDNESS BEING REFUNDED, AS CALCULATED USING A  
13 METHOD APPROVED BY THE DEPARTMENT OF TREASURY.