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BILL ANALYSIS



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Senate Bill 585 (Substitute S-1 as reported)
Senate Bill 586 (Substitute S-1 as reported)
Senate Bill 587 (Substitute S-1 as reported)
Senate Bill 588 (Substitute S-1 as reported)
Sponsor: Senator Jud Gilbert, II (S.B. 585)
 Senator Tony Stamas (S.B. 586)
 Senator Jason E. Allen (S.B. 587)
 Senator Mark C. Jansen (S.B. 588)
Committee: Commerce and Tourism

CONTENT

Senate Bill 585 (S-1) would amend the Regional Convention Facility Authority Act to allow the legislative body of a qualified city (Detroit) to disapprove the transfer of a qualified convention facility (Cobo Hall) to a regional convention facility authority after May 1, 2009, and before July 1, 2009, and dissolve the regional convention facility authority if the Detroit City Council disapproved the transfer. The Act provided for the creation of a regional convention facility authority in the Detroit metropolitan area and the transfer of Cobo Hall to the regional authority. The Act allowed the Detroit City Council to disapprove the transfer of Cobo Hall to the authority by adopting a resolution within 45 days of the effective date of the Act (which took effect on January 20, 2009). The bill, instead, would allow the city council to disapprove the transfer between May 1 and July 1.

Under the Act, if the transfer had not been disapproved, the convention facility would have been transferred to the authority on the 90th day after Act's effective date. Under the bill, if the transfer were not disapproved between May 1 and July 1, the facility would be transferred on July 1, 2009.

Senate Bill 586 (S-1) would amend the Health and Safety Fund Act to provide for the distribution of amounts from the Health and Safety Fund for a qualified convention facility in fiscal year (FY) 2015-16 through FY 2038-39 only if Cobo Hall were transferred to a regional convention authority. If the transfer were disapproved by the Detroit City Council, then the funds instead would be distributed to Oakland County for developing a convention center.

The Act requires that, in FY 2008-09 through FY 2014-15, \$16.0 million be distributed for use in the manner and for the purposes stated in the State Convention Facility Development Act for a qualified convention facility. In FY 2015-16 through FY 2038-39, \$15.0 million is to be distributed for those purposes. Under the bill, the FY 2015-16 through FY 2038-39 distributions would be made only if the transfer of Cobo Hall to a regional convention authority took place. If the transfer were disapproved by the Detroit City Council, then in FY 2015-16 through FY 2029-30, \$15.0 million would have to be distributed to Oakland County for developing a convention center.

Senate Bill 587 (S-1) would amend the State Convention Facility Development Act to:

- Revise the definition of "convention hotel" (which is subject to an excise tax under the Act) to include a facility in a county that has a publicly owned or leased convention facility with at least 200,000 square feet of total exhibit space (rather than a convention facility with at least 350,000 square feet of exhibit space); and in a county that has

1,000 or more rooms to provide accommodation for transient guests (rather than 2,000 or more rooms).

- Divert a \$9.0 million appropriation in FY 2008-09 from a regional authority created under the Regional Convention Facility Authority Act to a building authority in Oakland County, if the transfer of Cobo Hall to a regional convention authority were disapproved between May 1 and July 1.
- Provide for an alternative distribution of funds if the Detroit City Council disapproved the transfer of Cobo Hall to a regional convention authority between May 1 and July 1.
- Establish a bond limit of \$135.0 million for an Oakland County building authority, if the Detroit City Council disapproved the transfer of Cobo Hall to a regional convention authority between May 1 and July 1.

Senate Bill 588 (S-1) would amend the Michigan Trust Fund Act to require that, for FY 2008-09 only, \$9.0 of the tobacco settlement revenue received by the State that is not considered a "TSR" as that term is defined under the Michigan Tobacco Settlement Finance Authority Act, be used to develop a convention facility. (Under that Act, "TSR" means the portion of the State's tobacco receipts sold to the Michigan tobacco settlement finance authority under the Act and any sale agreement.)

All of the bills are tie-barred to each other.

MCL 141.1355 & 141.1369 (S.B. 585)
141.475 (S.B. 586)
207.623 et al. (S.B. 587)
12.257 (S.B. 588)

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

Under these bills, there would be no change in the financial transfers or bond limit specified under current law if the City of Detroit were to approve the transfer of Cobo Hall to the Regional Convention Facility Authority before July 1, 2009. If Detroit did not approve the transfer by that date, then under these bills the transfer of funds from the 21st Century Jobs Fund, Health and Safety Fund, and Convention Facility Fund would be directed instead to a building authority created by Oakland County to develop a convention facility, with three major differences: 1) The amount of bonds that could be issued under the Cobo Hall project would be limited to the amount needed to finance not more than \$299.0 million in total project costs, but under the Oakland County building authority project, the limit on bonds would equal the amount needed to finance not more than \$135.0 million in total project costs; 2) the transfer of \$15.0 million annually beginning in FY 2015-16 from the Health and Safety Fund to the Convention Facility Development Fund would go to the Regional Convention Facility Authority through FY 2038-39 if Detroit approved the transfer of Cobo Hall, but if the transfer were rejected, then this \$15.0 million annual payment would go to the Oakland County building authority through FY 2029-30; and 3) liquor tax distributions to the counties from the Convention Facility Development Fund would be capped at a 1% increase each year beginning in FY 2015-16 if Detroit approved the transfer of Cobo Hall to the Regional Convention Facility Authority and any excess liquor tax revenue would go to that authority; however, if the transfer were not approved, then the liquor tax distribution to counties would not be capped and would continue to be distributed among the counties as under current law.

Date Completed: 5-27-09

Fiscal Analyst: Jay Wortley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.