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Senate Bill 619 (Substitute S-1 as reported)
House Bill 5018 (Substitute S-1 as reported)
Sponsor: Senator Jason E. Allen (S.B. 619)
Representative David Nathan (H.B. 5018)
Senate Committee: Finance
House Committee: Tourism, Outdoor Recreation and Natural Resources (H.B. 5018)

CONTENT

Senate Bill 619 (S-1) would amend the Use Tax Act to require the Department of Treasury to deposit \$9.5 million of use tax collections into the Michigan Promotion Fund for fiscal year 2009-10 only.

House Bill 5018 (S-1) would add Chapter 3A to the Michigan Strategic Fund Act to create the Michigan Promotion Fund for the promotion of tourism; and allow the Fund to borrow money and issue notes through December 31, 2010. The bill is tie-barred to Senate Bill 619.

Specifically, the Michigan Promotion Fund would be created as a separate Fund in the State Treasury and would have to be administered by the Department of Treasury. The Fund would have to be used to promote economic development and job creation in Michigan through the promotion of tourism. The Fund could not be used to promote business development.

The State Treasurer would have to credit to the Michigan Promotion Fund all amounts designated for it by Chapter 3A and Section 21 of the Use Tax Act (the section Senate Bill 619 (S-1) would amend). The State Treasurer would have to direct the investment of money in the Fund as all other funds are invested, and credit to it interest and earnings from the Fund.

Money deposited, funds granted, or funds received as gifts or donations to the Michigan Promotion Fund would be available for disbursement when deposited. The Fund would not be required to maintain a minimum balance. Funds could be disbursed at any time. Money in the Fund at the close of the State fiscal year would remain in the Fund and not lapse to the General Fund.

Through December 31, 2010, the Michigan Promotion Fund could borrow money and issue notes to provide sufficient funds for achieving its purpose and objectives, including amounts necessary to pay the costs for promoting economic development and job creation in Michigan through the promotion of tourism, and for all other expenditures of the Fund incidental to and necessary or convenient to carry out its purposes, objectives, and powers.

MCL 205.111 (S.B. 619)
Proposed MCL 125.2038 & 125.2039 (H.B. 5018)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

Senate Bill 619 (S-1) would require the deposit of \$9.5 million in FY 2009-10 from use tax revenue to the Michigan Promotion Fund. This would reduce revenue to the General Fund by \$9.5 million in FY 2009-10.

House Bill 5018 (S-1) would establish the Michigan Promotion Fund (MPF). Revenue to the MPF would come from the deposit of \$9.5 million in FY 2009-10 from use tax revenue proposed by Senate Bill 619 (S-1). This revenue otherwise would be directed to the General Fund. The MPF also could receive gifts and donations. The MPF would retain interest earnings on any balances and money in the Fund would not lapse to the General Fund at year-end, but would be carried forward. Money in the MPF would be available for disbursement when deposited and thus would not be subject to appropriation.

The MPF would be authorized through December 31, 2010, to borrow money and issue notes to fund projects consistent with the general purpose of the MPF, which would be economic development and job creation in Michigan through the promotion of tourism and other expenditures needed to carry out the objectives of MPF.

The Michigan Strategic Fund budget for FY 2009-10 (Public Act 128 of 2009) includes an appropriation for the Michigan Promotion Program of \$5,402,800 from General Fund/General Purpose revenue.

Date Completed: 2-16-10

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