

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 587

A bill to amend 1985 PA 106, entitled  
"State convention facility development act,"  
by amending sections 3, 8, 9, and 10 (MCL 207.623, 207.628,  
207.629, and 207.630), as amended by 2008 PA 553.

**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 that is not a  
5 campground, hospital, nursing home, emergency shelter, or community  
6 mental health or community substance abuse treatment facility.  
7 Accommodations do not include food or beverages.

8       (b) "Commissioner" means the state treasurer.

1 (c) "Convention facility" means 1 or more facilities owned or  
2 leased by a local governmental unit **OR METROPOLITAN AUTHORITY CREATED**  
3 **UNDER THE REGIONAL CONVENTION FACILITY AUTHORITY ACT, 2008 PA 554, MCL**  
4 **141.1351 TO 141.1379**, that are any combination of a convention hall,  
5 auditorium, meeting rooms, and exhibition areas that are separate  
6 and distinct and contiguous to each other, and related adjacent  
7 public areas generally available to members of the public for lease  
8 on a short-term basis for holding conventions, meetings, exhibits,  
9 and similar events and the necessary site or sites, together with  
10 appurtenant properties necessary and convenient for use in  
11 connection with the facility. **CONVENTION FACILITY INCLUDES A**  
12 **QUALIFIED CONVENTION FACILITY AS DEFINED UNDER SECTION 5 OF THE**  
13 **REGIONAL CONVENTION FACILITY AUTHORITY ACT, 2008 PA 554, MCL**  
14 **141.1355.**

15 (d) "Convention hotel" means a facility used in the business  
16 of providing accommodations that has more than 80 rooms for  
17 providing accommodations to transient guests and that complies with  
18 all of the following:

19 (i) Located within a county having a population according to  
20 the most recent decennial census of 700,000 or more.

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

23 (A) A county that has a convention facility with 350,000  
24 square feet or more of total exhibit space.

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

27 (e) "Local governmental unit" means a county, township, city,

1 village, or a metropolitan authority formed under the regional  
2 convention facility authority act, 2008 PA 554, MCL 141.1351 TO  
3 141.1379.

4 (f) "Person" means a natural person, partnership, **LIMITED**  
5 **PARTNERSHIP**, fiduciary, association, corporation, **LIMITED LIABILITY**  
6 **COMPANY**, or other entity.

7 (g) "Room charge" means the charge imposed for the use or  
8 occupancy of accommodations, excluding charges for food, beverages,  
9 telephone services, the use tax imposed under the use tax act, 1937  
10 PA 94, MCL 205.91 to 205.111, or like services paid in connection  
11 with the charge. Room charge does not include reimbursement of the  
12 assessment imposed by the community convention or tourism marketing  
13 act, 1980 PA 395, MCL 141.871 to 141.880, the convention and  
14 tourism marketing act, 1980 PA 383, MCL 141.881 to 141.889, or this  
15 act.

16 (h) "Transient guest" means a natural person staying less than  
17 30 consecutive days.

18 Sec. 8. (1) The collections from the tax imposed by section 4  
19 shall be deposited in the state treasury, to the credit of the  
20 convention facility development fund, which is hereby created  
21 within the state treasury. Collections from the additional tax  
22 imposed under section 1207 of the Michigan liquor control code of  
23 1998, 1998 PA 58, MCL 436.2207, funds appropriated from the 21st  
24 century jobs trust fund under subsection (4), and amounts  
25 designated under section 5(b) (iii) of the health and safety fund act,  
26 1987 PA 264, MCL 141.475, shall also be deposited to the credit of  
27 the convention facility development fund.

1           (2) The convention facility development fund shall be  
2 distributed for certain state purposes and to local governmental  
3 units for use only for 1 or more of the following purposes:

4           (a) Acquiring, constructing, improving, enlarging, renewing,  
5 replacing, or leasing a convention facility.

6           (b) In conjunction with an activity listed in subdivision (a),  
7 repairing, furnishing, and equipping the convention facility.

8           (c) Refinancing an activity listed in subdivision (a) or (b).

9           (d) General fund expenditures.

10           (e) In the case of a local governmental unit that is a  
11 metropolitan authority, for any purpose authorized under the  
12 regional convention facility authority act, **2008 PA 554, MCL**  
13 **141.1351 TO 141.1379.**

14           (3) A contract made by a local governmental unit for the  
15 purposes included in subsection (2)(a) or (b) concerning a  
16 convention facility funded by distributions pursuant to section 9  
17 shall contain a fixed price or guaranteed maximum price for the  
18 total cost of activities conducted for these purposes pursuant to  
19 that contract.

20           (4) For the fiscal year ending September 30, ~~2009-2010~~,  
21 \$9,000,000.00 is appropriated from the 21st century jobs trust fund  
22 described in section 2 of the Michigan trust fund act, 2000 PA 489,  
23 MCL 12.252, **AND TRANSFERRED** to ~~an authority created under the~~  
24 ~~regional convention facility authority act~~ **AND DEPOSITED IN THE**  
25 **CONVENTION FACILITY DEVELOPMENT FUND** for ~~the purpose of developing~~  
26 ~~a qualified convention facility as defined under that act~~ **PURPOSES**  
27 **AUTHORIZED UNDER SUBSECTION (2) (E).**

1           Sec. 9. (1) Except as provided in subsection ~~(4)~~ **(5) OR (6)**,  
2 on or before the thirtieth day of each month, the state treasurer  
3 shall make a distribution from the convention facility development  
4 fund to a qualified local governmental unit. The distribution shall  
5 be an amount equal to the sum of the collections from the excise  
6 tax levied for accommodations under this act for the previous month  
7 from the convention hotels in the county in which the convention  
8 facility is or is to be located and in any county in which  
9 convention hotels are located that is contiguous to the county in  
10 which the convention facility is located, or is to be located, the  
11 additional tax imposed under section 1207 of the Michigan liquor  
12 control code of 1998, 1998 PA 58, MCL 436.2207, for the previous  
13 month received in the fund, and any distribution received under  
14 section 5(b) *(iii)* of the health and safety fund act, 1987 PA 264, MCL  
15 141.475, and from the 21st century jobs trust fund under section  
16 8(4). However, distributions for any state fiscal year to any  
17 qualified local governmental unit under this section shall not  
18 exceed an amount equal to the amount pledged, assigned, or  
19 dedicated by the qualified local governmental unit pursuant to  
20 section 11 for the payment during that state fiscal year of bonds,  
21 obligations, or other evidences of indebtedness incurred for the  
22 purposes specified in this act or the regional convention facility  
23 authority act, **2008 PA 554, MCL 141.1351 TO 141.1379**, plus  
24 operating ~~deficit~~ cost expenditures **AND OTHER EXPENDITURES**  
25 **AUTHORIZED** under section 10, plus any amount necessary to maintain  
26 a fully funded debt reserve or other reserves intended to secure  
27 the principal and interest on the bonds, obligations, or other

1 evidences of indebtedness as contained in the resolution or  
2 ordinance authorizing their issuance.

3 (2) Notwithstanding the distributions provided by subsection  
4 (1), if a local governmental unit becomes a qualified local  
5 governmental unit entitled to receive distributions from the tax  
6 imposed under section 1207 of the Michigan liquor control code of  
7 1998, 1998 PA 58, MCL 436.2207, or from the tax imposed by this act  
8 in counties in which the convention facility is located or in a  
9 county in which a convention hotel is located that is contiguous to  
10 the county in which the convention facility is located, and from  
11 any distribution under section 5(b)(iii) of the health and safety  
12 fund act, 1987 PA 264, MCL 141.475, no other qualified local  
13 governmental unit is entitled to distributions pursuant to this  
14 section for which that qualified local governmental unit has  
15 previously become entitled, until such time as that qualified local  
16 governmental unit ownership or leasehold interest described in  
17 subsection (3) is transferred to another local governmental unit.  
18 If that transfer renders the transferee a qualified local  
19 governmental unit, the transferee shall, immediately upon that  
20 transfer, be entitled to the distributions to a qualified local  
21 governmental unit provided in subsection (1) and the priority  
22 provided to a qualified local governmental unit in this subsection,  
23 notwithstanding that the amount of the distributions may increase  
24 as a result of that transfer. **A TRANSFER UNDER THIS SUBSECTION**  
25 **INCLUDES A TRANSFER THAT OCCURS ON A TRANSFER DATE UNDER THE**  
26 **REGIONAL CONVENTION FACILITY AUTHORITY ACT, 2008 PA 554, MCL**  
27 **141.1351 TO 141.1379.**

1 (3) As used in this act, "qualified local governmental unit"  
2 means a city, village, township, county, or authority that is  
3 located in, or includes within its territory or jurisdiction, a  
4 county in which convention hotels are located and that either is  
5 the owner or lessee of a convention facility with 350,000 square  
6 feet or more of total exhibit space on July 30, 1985 or, if such a  
7 convention facility does not exist, will be the owner or lessee of  
8 a convention facility with 350,000 square feet or more of total  
9 exhibit space through the application of distributions under this  
10 section to the purchase or lease of a convention facility.

11 **QUALIFIED LOCAL GOVERNMENTAL UNIT INCLUDES A METROPOLITAN AUTHORITY**  
12 **THAT LEASES, DEVELOPS, OPERATES, AND MAINTAINS A QUALIFIED**  
13 **CONVENTION FACILITY UNDER THE REGIONAL CONVENTION FACILITY**  
14 **AUTHORITY ACT, 2008 PA 554, MCL 141.1351 TO 141.1379.**

15 (4) Before the 2015-2016 fiscal year, collections from the  
16 excise tax levied for accommodations under this act and collections  
17 from the tax imposed under section 1207 of the Michigan liquor  
18 control code of 1998, 1998 PA 58, MCL 436.2207, shall not be paid  
19 to a qualified local governmental unit for the repayment of bonds,  
20 obligations, or other evidences of indebtedness incurred after  
21 2007.

22 Sec. 10. (1) Any money remaining in the convention facility  
23 development fund that is not used for the bonds, obligations, or  
24 other evidences of indebtedness described in section 9 shall be  
25 distributed pursuant to subsection (2).

26 (2) Money in the convention facility development fund shall be  
27 distributed as provided in subsection (4) in the following order of

1 priority in the following amounts:

2 (a) For each of the following fiscal years, the following  
 3 amounts shall be distributed to a metropolitan authority created  
 4 under the regional convention facility authority act, **2008 PA 554,**  
 5 **MCL 141.1351 TO 141.1379,** for the operational ~~deficit~~ costs of a  
 6 qualified convention facility operated by the authority under that  
 7 act **FOR PURPOSES AUTHORIZED UNDER THAT ACT:**

8 ~~—— (i) \$9,400,000.00 for the fiscal year ending September 30,~~  
 9 ~~2009.~~

10 (i) ~~(ii)~~ \$11,000,000.00 each fiscal year for the fiscal years  
 11 ending September 30, 2010 and September 30, 2011.

12 (ii) ~~(iii)~~ \$9,000,000.00 each fiscal year for the fiscal years  
 13 ending September 30, 2012 and September 30, 2013.

14 (iii) ~~(iv)~~ \$8,000,000.00 each fiscal year for the fiscal years  
 15 ending September 30, 2014 and September 30, 2015.

16 (iv) ~~(v)~~ \$7,000,000.00 for the fiscal year ending September 30,  
 17 2016.

18 (v) ~~(vi)~~ \$6,000,000.00 for the fiscal year ending September 30,  
 19 2017.

20 (vi) ~~(vii)~~ \$5,000,000.00 each fiscal year for the fiscal years  
 21 ending September 30, 2018 and September 30, 2019.

22 (vii) ~~(viii)~~ \$5,000,000.00 for the fiscal year ending September  
 23 30, 2020.

24 (viii) ~~(ix)~~ \$5,000,000.00 for the fiscal year ending September  
 25 30, 2021.

26 (ix) ~~(x)~~ \$5,000,000.00 for the fiscal year ending September 30,  
 27 2022.



1           (x) ~~(xi)~~—\$5,000,000.00 for the fiscal year ending September 30,  
2 2023.

3           (b) For fiscal years ending before October 1, 2009, an amount  
4 equal to the difference, if any, between the tax imposed under this  
5 act in the preceding state fiscal year that is designated under  
6 section 9 to a qualified local governmental unit and the tax  
7 imposed under this act that is designated under section 9 in the  
8 state fiscal year immediately preceding the preceding state fiscal  
9 year for the same local governmental unit shall be distributed to  
10 that local governmental unit. This subdivision does not apply  
11 unless a tax has been imposed under this act in the entire 2 state  
12 fiscal years immediately preceding the state fiscal year in which a  
13 distribution under this subdivision is made. Any amount distributed  
14 under this subdivision shall be used by the local governmental unit  
15 only for the retirement of outstanding bonds, obligations, or other  
16 evidences of indebtedness incurred for which distributions under  
17 section 9 are pledged. A distribution under this subdivision shall  
18 not be made to the extent that the obligations, bonds, or other  
19 evidences of indebtedness cannot be retired or are not outstanding.

20           (c) For fiscal years ending before October 1, 2015, an amount  
21 equal to that portion of the liquor tax collected under section  
22 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL  
23 436.2207, from licensees in counties in which convention hotels are  
24 not located shall be distributed to those counties in which  
25 convention hotels are not located in the same proportion that the  
26 amount of tax collected under section 1207 of the Michigan liquor  
27 control code of 1998, 1998 PA 58, MCL 436.2207, in the preceding

1 state fiscal year from the licensees in a county bears to the total  
2 tax collections under section 1207 of the Michigan liquor control  
3 code of 1998, 1998 PA 58, MCL 436.2207, in the preceding state  
4 fiscal year from all counties in which convention hotels are not  
5 located.

6 (d) For fiscal years ending before October 1, 2015, the  
7 remaining money available after distributions under subdivisions  
8 (a), (b), and (c) shall be distributed to each county in the  
9 following amounts:

10 (i) The amount of money available to be distributed under this  
11 subdivision multiplied by the percentage of collections in the  
12 preceding state fiscal year under section 1207 of the Michigan  
13 liquor control code of 1998, 1998 PA 58, MCL 436.2207, from  
14 licensees in counties in which convention hotels are not located  
15 shall be distributed to each county in which convention hotels are  
16 not located in the same proportion that the amount of tax collected  
17 pursuant to section 1207 of the Michigan liquor control code of  
18 1998, 1998 PA 58, MCL 436.2207, in the preceding state fiscal year  
19 from licensees in that county bears to the total tax collections  
20 from section 1207 of the Michigan liquor control code of 1998, 1998  
21 PA 58, MCL 436.2207, in the preceding state fiscal year from all  
22 counties in which convention hotels are not located.

23 (ii) The amount of money available to be distributed under this  
24 subdivision multiplied by the percentage of collections in the  
25 preceding state fiscal year under section 1207 of the Michigan  
26 liquor control code of 1998, 1998 PA 58, MCL 436.2207, from  
27 licensees in counties in which convention hotels are located shall

1 be distributed to each county in which convention hotels are  
2 located in the same proportion that the amount of tax collected  
3 pursuant to section 1207 of the Michigan liquor control code of  
4 1998, 1998 PA 58, MCL 436.2207, in the preceding state fiscal year  
5 from licensees in that county bears to the total tax collections  
6 from section 1207 of the Michigan liquor control code of 1998, 1998  
7 PA 58, MCL 436.2207, in the preceding state fiscal year from all  
8 counties in which convention hotels are located. However, in the  
9 calculation of the proportion represented by a county's share of  
10 distributions under this subparagraph, the amount of the tax  
11 collected from licensees in the qualified local governmental unit  
12 that received distributions under section 9 in fiscal year 2007-  
13 2008 shall not be included.

14 (e) For the fiscal year ending September 30, 2016, an amount  
15 equal to the product of the total amount of tax collected under  
16 section 1207 of the Michigan liquor control code of 1998, 1998 PA  
17 58, MCL 436.2207, and distributed to all counties in the 2014-2015  
18 fiscal year multiplied by 1.01 shall be distributed to all counties  
19 as provided in this subdivision. For fiscal years beginning after  
20 September 30, 2016, an amount equal to the product of the amount of  
21 liquor tax distributions in the immediately preceding fiscal year  
22 multiplied by 1.01, not to exceed the total amount of tax collected  
23 under section 1207 of the Michigan liquor control code of 1998,  
24 1998 PA 58, MCL 436.2207, shall be distributed to counties.  
25 Distributions to each county under this subdivision shall be  
26 calculated as follows:

27 (i) The amount of money available to be distributed under this

1 subdivision multiplied by the percentage of collections in the  
2 immediately preceding state fiscal year under section 1207 of the  
3 Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207,  
4 from licensees in counties in which convention hotels are not  
5 located shall be distributed to each county in which convention  
6 hotels are not located in the same proportion that the amount of  
7 tax collected pursuant to section 1207 of the Michigan liquor  
8 control code of 1998, 1998 PA 58, MCL 436.2207, in the immediately  
9 preceding state fiscal year from licensees in that county bears to  
10 the total tax collections from section 1207 of the Michigan liquor  
11 control code of 1998, 1998 PA 58, MCL 436.2207, in the immediately  
12 preceding state fiscal year from all counties in which convention  
13 hotels are not located.

14 (ii) The amount of money available to be distributed under this  
15 subdivision multiplied by the percentage of collections in the  
16 immediately preceding state fiscal year under section 1207 of the  
17 Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207,  
18 from licensees in counties in which convention hotels are located  
19 shall be distributed to each county in which convention hotels are  
20 located in the same proportion that the amount of tax collected  
21 pursuant to section 1207 of the Michigan liquor control code of  
22 1998, 1998 PA 58, MCL 436.2207, in the immediately preceding state  
23 fiscal year from licensees in that county bears to the total tax  
24 collections from section 1207 of the Michigan liquor control code  
25 of 1998, 1998 PA 58, MCL 436.2207, in the immediately preceding  
26 state fiscal year from all counties in which convention hotels are  
27 located. However, in the calculation of the proportion represented

1 by a county's share of distributions under this subparagraph, the  
2 amount of the tax collected from licensees in the qualified local  
3 governmental unit that received distributions under section 9 in  
4 the 2007-2008 state fiscal year shall not be included.

5 (f) Beginning with the fiscal year ending on September 30,  
6 2016, and each fiscal year thereafter, if the revenue in the  
7 convention facility development fund exceeds the amounts  
8 distributed under section 9 and the distributions under subdivision  
9 (e), the excess shall be distributed to a qualified local  
10 governmental unit that is a metropolitan authority to be used by  
11 that qualified local governmental unit only for the retirement of  
12 outstanding bonds, obligations, or other evidences of indebtedness  
13 incurred for which distributions under section 9 are pledged and  
14 for a qualified governmental unit that is a metropolitan authority  
15 or next for the payment of any unfunded operational deficit costs  
16 incurred during the prior fiscal year by a metropolitan authority  
17 created under the regional convention facility authority act, 2008  
18 PA 554, MCL 141.1351 TO 141.1379, for the operation of a qualified  
19 convention facility under that act.

20 (G) FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009,  
21 \$9,400,000.00 SHALL BE DISTRIBUTED TO A METROPOLITAN AUTHORITY  
22 CREATED UNDER THE REGIONAL CONVENTION FACILITY AUTHORITY ACT, 2008  
23 PA 554, MCL 141.1351 TO 141.1379, FOR THE COSTS INCURRED BY THE  
24 AUTHORITY FOR THE IMPLEMENTATION OF THAT ACT, CREATION OF THE  
25 AUTHORITY, AND TRANSFER OF A QUALIFIED CONVENTION FACILITY TO THE  
26 AUTHORITY, AND OTHER COSTS RELATING TO THE MANAGEMENT, OPERATION,  
27 AND DEVELOPMENT OF A QUALIFIED CONVENTION FACILITY.

1           (3) A distribution to a county pursuant to this section shall  
2 be included for purposes of the calculations required to be made by  
3 section 24e of the general property tax act, 1893 PA 206, MCL  
4 211.24e. If the governing body of a taxing unit approves the  
5 additional millage rate under section 24e of the general property  
6 tax act, 1893 PA 206, MCL 211.24e, which is due to distributions  
7 pursuant to this section, then an amount equal to 50% of the  
8 distribution under this section shall be used for substance abuse  
9 treatment within the taxing unit.

10           (4) Beginning October 1, 2007 and each year thereafter, from  
11 the revenue collected during the previous quarter, after  
12 distributing the monthly payments under section 9(1), the state  
13 treasurer shall make quarterly distributions under subsection  
14 (2)(b) and (c) or under subsection (2)(e). From the revenue  
15 collected in the last quarter of the state fiscal year, the state  
16 treasurer shall make the distribution under subsection (2)(a) prior  
17 to any distributions under subsection (2)(b) and (c) or (e).