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Senate Bill 110 (Substitute S-1 as reported)
Sponsor: Senator Goeff Hansen
Committee: Outdoor Recreation and Tourism

CONTENT

The bill would amend the Michigan Strategic Fund (MSF) Act to add the promotion of tourism in Michigan to the authorized uses of money transferred to the Strategic Fund from the Jobs for Michigan Investment Fund of the 21st Century Jobs Trust Fund; and increase the amount of money from the 21st Century Jobs Trust Fund that may be spent for the promotion of tourism in fiscal year (FY) 2010-11 from \$10.0 million to \$20.0 million.

The bill also would require the MSF annually to report to the Legislature specific data regarding funds used for the promotion of tourism, including an analysis of the return on investment.

MCL 125.2088b

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would increase the funds available for tourism promotion in Michigan by allocating an additional \$10.0 million from the 21st Century Jobs Trust Fund for tourism promotion in FY 2010-11. This would bring the funds available for tourism promotion to \$25,402,800 in FY 2010-11.

Under current law, appropriations for tourism promotion total \$15,402,800 in FY 2010-11. The annual budget for the Michigan Strategic Fund, in Public Act 191 of 2010, included an appropriation of \$5,402,800 from General Fund/General Purpose (GF/GP) revenue for the Michigan Promotion Program. Subsequently, Public Act 271 of 2010 allocated \$10.0 million in 21st Century Jobs Trust Fund money from the \$75.0 million appropriated in FY 2010-11 in the line item for the Jobs for Michigan Investment Program – 21st Century Jobs Fund, also in the MSF budget. Senate Bill 110 would allocate another \$10.0 million from the 21st Century Jobs Trust Fund for tourism promotion.

In FY 2010-11, the \$75.0 million appropriated to the MSF board for 21st Century programs is distributed according to statutory and boilerplate requirements. These include earmarks for specific programs with authority for the MSF board to allocate remaining funds among the 21st Century programs, including investment programs, loan enhancement programs, and competitive edge technology grants and loans. Allocations to date total \$33.2 million in FY 2010-11, leaving an unallocated balance of \$41.8 million. These allocations are shown in Table 1. Under the bill, an additional \$10.0 million would be directed to spending on tourism promotion in FY 2010-11. This would decrease the amount of funds available for allocation by the MSF board to other 21st Century programs to \$31.8 million in FY 2010-11. Also, under the bill, promotion of tourism in the State would be an ongoing purpose of the 21st Century Jobs Trust Fund. This would permit the MSF board in future years to allocate funds from 21st Century Jobs Trust Fund appropriations to tourism promotion.

Table 1

FY 2010-11 21ST CENTURY JOBS TRUST FUND ALLOCATIONS	
	FY 2010-11 Allocation
21st Century Jobs Trust Fund Year-to-Date Appropriation	\$75,000,000
Boilerplate Allocations	
Lakeshore Advantage	3,000,000
Emerging Technology Fund (SBIR/STTR)	1,400,000
Michigan Aerospace Manufacturers Assoc.	250,000
Business Incubators	1,300,000
Statutory Allocations	
Administration (up to 4% of appropriation)	3,000,000
Business Development and Marketing (up to 5% of approp.)	3,750,000
Tourism Promotion	10,000,000
Allocation by the MSF Board	
Centers of Energy Excellence	9,000,000
Defense Contract Coordination Center	1,500,000
Total Allocations	\$33,200,000
Unallocated Balance	\$41,800,000
Source: Michigan Strategic Fund and Senate Fiscal Agency	

Funding for promotion in recent years has been appropriated in annual budgets for the MSF and in supplemental funding bills. Appropriations have been made from several fund sources including GF/GP revenue, 21st Century Jobs Trust Fund, Investment Fund – Returns to Fund (a fund established to receive repayments and earnings on 21st Century loans and investments), and earmarked use tax revenue. The history of tourism promotion funding as allocated by the MSF board in recent years is shown in Table 2.

A GF/GP appropriation to the Michigan Promotion Program has been made each year in the MSF budget; however, in FY 2008-09, the MSF board allocated the funds for business marketing. Another fund source used for promotion funding in the MSF annual budget was Investment Fund – Returns to Fund. In FY 2007-08, this appropriation totaled \$5.7 million of which \$4,282,500 was allocated by the MSF board for tourism promotion.

Several supplemental appropriations from the 21st Century Jobs Trust Fund have been made for tourism promotion. Public Act 225 of 2005 (part of the package of bills that created the 21st Century Jobs Trust Fund and programs) provided a \$15.0 million earmark for tourism promotion from the 21st Century Jobs Trust Fund. This appropriation was spent over two years, FY 2005-06 and FY 2006-07. Public Act 98 of 2008 provided \$50.0 million for business marketing and tourism promotion from bond refinancing savings appropriated through the 21st Century Jobs Trust Fund. The MSF board allocated \$37.5 million of these funds for tourism promotion, consisting of \$7.5 million in FY 2007-08 and \$30.0 million FY 2008-09. Public Act 271 of 2010 allocated \$10.0 million of the \$75.0 million appropriated for FY 2010-11 in the line item for Jobs for Michigan Investment Program – 21st Century Jobs Fund to tourism promotion. In FY 2009-10, Public Act 36 of 2010 earmarked \$9.5 million from use tax revenue for tourism promotion.

Table 2

Tourism Promotion Allocations by Fund Source					
	GF/GP	21st Century Jobs Trust Fund	Investment Fund – Returns to Fund	Use Tax Earmark	Total
FY 2004-05	\$5,717,500				5,717,500
FY 2005-06	5,817,500	7,500,000			13,317,500
FY 2006-07	5,717,500	7,500,000			13,217,500
FY 2007-08	5,717,500	7,500,000	4,282,500		17,500,000
FY 2008-09		30,000,000			30,000,000
FY 2009-10	5,402,800			9,500,000	14,902,800
FY 2010-11	5,402,800	10,000,000			15,402,800
Source: Michigan Strategic Fund and Senate Fiscal Agency					

The bill also would require the MSF to report to the Legislature on the use of the funds and the estimated return on investment. The MSF does not expect this to increase costs.

Date Completed: 2-14-11

Fiscal Analyst: Elizabeth Pratt

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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.