



Senate Fiscal Agency
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Senate Bill 1222 (as discharged)
Senate Bill 1223 (as discharged)
Sponsor: Senator Wayne A. Schmidt
Committee: Economic and Small Business Development

CONTENT

Senate Bill 1222 would amend the Regional Convention Facility Authority Act to do the following:

- Amend the definition of "convention facility" to include bicycle paths, plazas, green spaces, and roads to be used in connection with the convention facility.
- Amend the definition of "develop" by removing the words "market, promote, manage, or operate".
- Define "public-private arrangement" as an agreement between an authority and a private entity that relates to researching, planning, studying, designing, developing, financing, acquiring, constructing, renovating, operating, maintaining, or charging rent or other fees for a convention facility.
- Amend the definition of "qualified city" from reducing the population threshold from more than 700,000 to more than 550,000.
- Allow an authority to enter into a public-private arrangement to implement the purposes, objectives, and provisions of the Act.
- Eliminate a prohibition against an authority's spending more than \$279.0 million to develop an expanded or renovated convention facility, and that a contract for the development of an expanded or renovated convention facility could not exceed \$279.0 million in total.

Senate Bill 1223 would amend the State Convention Facility Development Act to do the following:

- Define "public-private arrangement" as a public-private arrangement authorized under the Regional Convention Facility Authority Act.
- Amend the maximum amount the State Treasurer can distribute from the Convention Facility Development Fund to a qualified local governmental unit.
- Specify that for the fiscal years (FYs) 2022-23, 2025-26, 2028-29, 2031-32, 2034-35, and 2037-38, the amount distributed from the Convention Facility Development Fund to counties would have to equal the amount of the tax collected under the Michigan Liquor Control Code in the immediately preceding fiscal year.
- Extend, from September 30, 2022, to September 30, 2039, the period of time in which an amount of up to \$5.0 million must be distributed each fiscal year to the operator of a street railway system for the operations of a street railway system if the revenue in the Convention Facility Development Fund exceeds the amount already distributed in accordance with the Act.
- Allow the excess revenue distributed to a qualified local governmental unit that is a metropolitan authority to be used by that qualified local governmental unit for capital expenditures, including payments under a public-private arrangement, in addition to the retirement of outstanding bonds, obligations, or other evidences of indebtedness.

- Modify, if the governing body of a taxing unit approved the additional millage rate, the distribution to a county that must be used for substance abuse treatment within the taxing unit from an amount equal to 50% of the distribution to not less than either 40% of the distribution or the amount used for substance abuse treatment within the taxing unit in the fiscal year ending September 30, 2022.
- Exclude bonds issued by a metropolitan authority that became a qualified local government unit after December 1, 2008, from specified requirements regarding the refunding of bonds, obligation, or other evidences of indebtedness.
- Allow a metropolitan authority that became a qualified local government unit after December 1, 2008, after the effective date of the bill, to issue bonds, obligations, or other evidences of indebtedness to which distributions were pledged in an aggregate principal amount not to exceed \$299.0 million, with specified limitations.
- Include payment under a public-private arrangement to the set of limitations to the bonds, obligations, or other evidences of indebtedness issued by a metropolitan authority that became a qualified local government unit after December 1, 2008.

MCL 141.1355 et al. (S.B. 1222)
207.623 et al. (S.B. 1223)

Legislative Analyst: Olivia Ponte

FISCAL IMPACT

Senate Bill 1222 would have an indeterminate fiscal impact on local units of government and no fiscal impact on the State. The bill would allow for public-private arrangements relating to "researching, planning, studying, designing, developing, financing, acquiring, constructing, renovating, operating, maintaining, or charging rent or other fees for a convention facility". The bill also would modify the definition of "convention facility" to expand the types of allowable appurtenant property to include bicycle paths, plazas, green space and roads, which could result in an increased cost to local units of government. The bill also would eliminate a cap of \$279.0 million total spending on the facility, which could increase the cost to a local unit of government.

Senate Bill 1223 would have no fiscal impact on the State and an indeterminate fiscal impact on local units of government. The bill would change the distribution for substance abuse treatment from 50% to not less than 40% of the distribution or the amount used for substance abuse treatment within the taxing unit in FY 2021-22. This could reduce revenue for the counties for substance abuse treatment if the cost of substance abuse treatment were less than 50% of the distribution. For FYs 2022-23, 2025-26, 2028-29, 2031-32, 2034-35, and 2037-38, the amount distributed would have to equal the amount of the tax collected under the Liquor Control Code in the immediately preceding fiscal year, rather than the amount collected in the immediately preceding fiscal year times 1.01, which would reduce revenue to counties.

The bill also would allow for payments for capital expenses, including payments under a public-private arrangement, to be added to the list of allowable expenses from the excess funds from the convention facility development fund. The bill also would allow a qualified city that became qualified after December 1, 2008, to issue bonds or other obligations, not to exceed \$299.0 million, which could increase revenue and costs depending on the choices a qualified city made.

Date Completed: 12-1-22

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Bill Analysis @ www.senate.michigan.gov/sfa

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.