Detroit Regional Convention Facility Authority

Sales Tax Exemption Extension

- Contained within the Authority's enabling legislation (the Regional Convention Facility Authority Act, Act 554, Public Acts of Michigan, 2008) is a provision that exempts contractors working on the redevelopment of Cobo Center from sales taxes attributable to the project.
- This provision expired on December 31, 2013.
  - The expiration date was originally selected in 2008 when the legislation was written
  - The expectation was that the redevelopment would take approximately 5 years.
  - The Authority did not assume control of the center until September 15, 2009.
  - Framework plans for the redevelopment of the facility were not finalized and revealed to the public until March 1, 2011.
  - Work on the phase III redevelopment was not initiated until July 5, 2011.
  - Work is scheduled to be completed in early 2015.
- DRFCA is seeking an extension of the construction sales tax exemption through March, 2015.
  - Overall fiscal impact is neutral to the state's taxpayers
    - Authority is acting as the general contractor and purchasing much of the material directly from suppliers rather than through contractors
  - Enables the DRCFA and the taxpayers to derive greater value from our capital expenditures
  - Enhances the competitive position of the facility in the convention, trade show and meeting marketplace.