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Senate Bill 619 (Substitute S-1)
House Bill 5018 (Substitute S-1)
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)

Date Completed: 2-16-10

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, and is described in detail below.

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.

The bill contains the following statement: "The legislature finds and declares that the activities authorized under this chapter to promote this state and the creation of jobs in this state are a public purpose and of paramount concern in the interest of the health, safety and general welfare of the citizens of this state. It is the intent of the legislature that the economic benefits and creation of jobs resulting from this chapter shall accrue substantially within this state."

The bill also states that activities authorized under Chapter 3A could not be considered a project, an economic development project, or a project assisted by the Michigan Strategic Fund for purposes of Chapter 1 or 2 of the Act. (Those chapters provide for the powers and duties of the Michigan Strategic Fund, including the power to construct or equip a project and to borrow money and issue bonds or notes to finance the costs of a project, acquire a project, or make a loan for the costs of a project.)

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

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

Senate Bill 619 (S-1)

The bill 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)

The bill 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.

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.