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BILL



ANALYSIS

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Senate Bill 1204 (as reported without amendment)
Sponsor: Senator Jason E. Allen
Committee: Commerce and Tourism

(as enrolled)

Date Completed: 3-17-10

RATIONALE

The Community Convention or Tourism Marketing Act prescribes procedures for a nonprofit convention and tourism bureau to establish a marketing program funded by an assessment collected from owners of transient facilities (such as hotels and motels) within an assessment district. An assessment district may consist of one or more municipalities described in the marketing program. The Act's definition of "municipality" excludes a special charter fourth class city. Currently, Mackinac Island is Michigan's only special charter fourth class city. Convention and tourism officials from Mackinac Island would like that exclusion to be eliminated, so the island could constitute an assessment district and assessments could be levied to promote tourism and convention business.

CONTENT

The bill would amend the Community Convention or Tourism Marketing Act to delete a provision excluding a special charter, fourth class city from the definition of "municipality".

"Municipality" means a county with a population of less than 650,000, or a city, village, or township within a county of that size, but does not include a "special charter, fourth class city". The bill would delete that exception.

MCL 141.872

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

When the Community Convention or Tourism Marketing Act was enacted in 1980, it authorized just two areas of the State (Grand Traverse County and its contiguous counties, and Mackinaw City) to create assessment districts and establish marketing programs. In 1984, amendments to the Act extended it to any county with a population of less than 650,000, or a city, village, or township within a county of that size, except for a special charter fourth class city (Mackinac Island). At the time of the 1984 revisions, officials from Mackinac Island evidently requested its exclusion from the Act. Tourism to the island was strong and growing, while the economy in Michigan and the Great Lakes region was in recovery from the early '80s recession. In addition, due to northern Michigan's short summer tourism season and Mackinac Island's popular reputation, island hoteliers apparently felt that a special marketing program was unnecessary.

In recent years, the number of visitors to Mackinac Island has steadily decreased since peaking in 1998. Reportedly, visitorship fell more than 10% in the last five years alone and, in 2009, there were 33% fewer visitors to the island than 11 years before. Travelers have numerous options for spending their tourism dollars, and many travel destinations conduct aggressive marketing campaigns to compete for that business. Michigan traditionally supplies the majority of visitors to Mackinac Island, and the State's struggling economy has had a negative effect on tourism business. These factors now make it necessary for Mackinac Island to market itself to the Great Lakes region and beyond in order to compete in

today's travel marketplace. By deleting Mackinac Island's exclusion from the Community Convention or Tourism Marketing Act, the bill would enable the island to fund a marketing program through an assessment on lodging facilities.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no effect on State revenue or expenditures. The bill would potentially increase both local unit revenue and expenditures by an unknown amount. The Act allows nonprofit visitors and convention bureaus to levy an assessment equal to (usually) 2% of the room charges at transient facilities to fund marketing programs. The bill would allow Mackinac Island to be included in an assessment district.

Fiscal Analyst: David Zin

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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.