



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1515 (as introduced 9-28-10)
Sponsor: Senator Patricia L. Birkholz
Committee: Commerce and Tourism

Date Completed: 11-3-10

CONTENT

The bill would amend the Community Convention or Tourism Marketing Act to do both of the following:

- Increase from 2% to 5% the maximum allowable assessment collected from owners of transient facilities (such as hotels and motels) within a convention and tourism bureau's assessment district.**
- Prohibit a bureau from spending assessments collected during a period of noncompliance with requirements to submit financial statements and reports to the State.**

Assessment Amount

The 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 within an assessment district. An assessment district may consist of one or more municipalities described in the marketing program. (A "municipality" is a county with a population of less than 650,000, or a city, village, or township within a county of that size.)

Under the Act, the amount of the assessment generally may not exceed 2% of room charges. The bill would increase that to 5%. The bill also would delete a provision allowing an assessment of 4% within a township that meets certain criteria.

Failure to Submit Financial Statements & Reports

The Act requires a bureau's financial statements to be audited at least annually by a certified public accountant. The financial statements must be mailed to each owner of a transient facility and be accompanied by a detailed report, certified as correct by the bureau's chief operating officer, describing the bureau's marketing programs. Copies of the audited financial statements and the certified report must be mailed simultaneously to the "director" (the president of the Michigan Strategic Fund).

Under the bill, if a bureau failed to submit copies of the audited financial statements and certified report to the director, the director or his or her designee would have to mail a demand letter to the bureau requesting copies of the statements and report, with a copy of the demand letter forwarded to the Attorney General. If the director or his or her designee did not receive copies of the statement and report within 90 days of the demand letter, upon notice by the director or the Attorney General, the bureau could not spend any portion

of the assessment collected during the period of noncompliance. The Attorney General could assist the Director in enforcing the Act.

MCL 141.873 & 141.876

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government. Convention and tourism bureaus, which are nonprofit entities, would be allowed to assess transient facilities in their district up to 5%, rather than the current 2%, which would potentially represent a significant change in revenue for the bureaus.

Fiscal Analyst: Eric Scorsone

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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.