



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 711 (as reported without amendment)
Sponsor: Senator Jim Marleau
Committee: Finance

CONTENT

The bill would amend the General Sales Tax Act to extend until December 31, 2015, an exemption for the sale of tangible personal property for use in constructing or renovating a qualified convention facility under the Regional Convention Facility Authority Act. The exemption currently applies through December 31, 2013.

The bill also would define "qualified convention facility" as that term is defined in the Regional Conventional Facility Authority Act. (That Act defines the term as a publicly owned convention facility with not less than 600,000 square feet of usable exhibition area that is located in a qualified city, which means a city with a population of more than 700,000 according to the most recent decennial census that contains a qualified convention facility. The convention facility in question is the Cobo Center in Detroit.)

MCL 205.54d

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would likely reduce State and local unit revenue by a negligible amount. Public Act 556 of 2008 enacted an exemption for construction materials related to renovations at Cobo Hall (now called Cobo Center). For years after FY 2008-09, the Act was expected to reduce sales tax revenue by approximately \$1.0 million per year. Construction was anticipated to be finished by 2014. To the extent that construction continues, revenue in prior fiscal years was not lowered by Public Act 556 of 2008 as much as originally forecasted.

The bill would allow the forecasted, but unrealized, loss of revenue from the exemption, to occur in 2014 and 2015; lowering the revenue to less than will be collected absent the bill. Based on the original forecasts for Public Act 556 of 2008, it is unlikely the reduction would be more than \$1.0 million per year in any year. Any reduction would affect the School Aid Fund (which receives approximately 73.3% of sales tax collections), as well as General Fund revenue and constitutional revenue sharing payments to local units of government.

Date Completed: 12-10-13

Fiscal Analyst: David Zin