



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5394 (Substitute H-2 as reported with amendments)
Sponsor: Representative Curtis Hertel
House Committee: Tax Policy
Senate Committee: Financial Services

CONTENT

The bill would create the "Marshall Fredericks Cultural District Establishment Act" to authorize a single county or a combination of counties to establish a cultural district as a taxing authority by adopting articles of incorporation. Articles would have to be adopted by a majority vote of the board of county commissioners of each county in the district and of the legislative body of each city in the district with a population of at least 500,000. A district could allocate funds collected under the bill to "cultural organizations" located within the district, and could not allocate funds to finance a professional sports arena or stadium. ("Cultural organization" would mean a public or private nonprofit entity that had been in operation for at least 18 consecutive months, whose purpose was the production, presentation, education, exhibition, advancement, endowment, or preservation of art, science, or cultural history, including but not limited to a zoo, public library, special program of art, culture, or science developed especially for a school district, and a public broadcast station.)

A cultural district could submit to voters a proposal for imposition of a tax of up to 1.5 mills for up to 10 years on all real and tangible personal property except property that was exempt by law from ad valorem taxation or utility property that was subject to taxation under Public Act 282 of 1905. If a district included more than one county, the tax would have to be approved by the electors of each county.

If authorized by its articles of incorporation, a cultural district board, among other things, could condition funding of a cultural organization. The bill specifies that "The legislature prefers that a condition include the organization's submission to the district of a written agreement that the organization will provide some free or discounted services and/or programs such as free or discounted admission days, exhibitions, performances, or other events to the residents of the taxing district or the organization's submission of a written agreement that it will not condition employment by the organization based on the residence of the applicant or employee."

Legislative Analyst: P. Affholter

FISCAL IMPACT

Counties that established cultural districts would incur costs associated with hiring employees, annually employing an independent certified public account, and reimbursing actual and necessary expenses incurred by the director. These counties also, with approval from a vote of the people, could levy up to 1.5 mills on real and tangible personal property, except exempt property, for up to 10 years. This bill would have no State fiscal impact.

Date Completed: 12-12-95

Fiscal Analyst: R. Ross

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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.