

SENATE BILL No. 1065

June 12, 2018, Introduced by Senators HORN, SCHMIDT, HANSEN, PROOS, HERTEL and KNEZEK
and referred to the Committee on Economic Development and International Investment.

A bill relating to the solicitation, promotion, and staging of large special events in this state; to provide support for solicitation of large special events; to assist nonprofit convention and tourist bureaus; to provide for the creation and administration of certain funds; to provide for certain grants to support large special events in this state; to allocate certain revenues; to establish the functions and duties of certain state departments and agencies; and to make certain appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the "large
2 special events fund act".

3 Sec. 2. The legislature finds all of the following:

4 (a) Out-of-state tourism, out-of-state business meetings and
5 conventions, and national and international sporting events

1 convened in this state are major sources of employment, income, and
2 tax revenues in this state, and the expansion of the tourism and
3 meeting industry is vital to the growth of this state's economy.

4 (b) When deciding where to stage an event, organizers of large
5 special events often consider financial assurances that bidders
6 seeking to host an event can offer to meet the obligations promised
7 to the organizers in a bid to host a large special event.

8 (c) Investment of state resources is needed to provide a more
9 effective means of marketing the state as a destination to host
10 large special events, and to optimize the considerable investment
11 of time, energy, capital, and resources being made by the tourism
12 and meeting industry, which is at a disadvantage to other states
13 when soliciting large special events to come to this state, as
14 other states provide monetary support to their tourism, meeting-
15 planning, and sporting event partners that solicit large special
16 events.

17 (d) The state can best undertake effective marketing to, and
18 solicitation of, large special events to the state through the
19 coordinated efforts of existing state government agencies promoting
20 this state as a destination for business with private convention
21 and tourism promotional bureaus that are better able than state
22 agencies to market and promote their unique assessment districts to
23 attract large special events to this state.

24 (e) A coordinated and rational funding policy for soliciting
25 and staging large special events through the state government and
26 local bureaus is necessary to maximize the benefits to this state
27 and its citizens of a vibrant tourism, meeting and convention, and

1 sporting event industry and to ensure proper funding of a
2 comprehensive large special event program for this state.

3 (f) State tax revenues are increased as a result of out-of-
4 state economic activity brought into this state by hosting out-of-
5 state visitors in this state in connection with a large special
6 event.

7 Sec. 3. As used in this act:

8 (a) "Bid" means a proposal submitted by a bureau or a local
9 organizing committee to a site selection organization to host a
10 large special event within this state.

11 (b) "Bureau" means a nonprofit corporation incorporated under
12 the laws of this state existing solely to promote convention
13 business and tourism within this state or a portion of this state,
14 and which collects an assessment under the convention and tourism
15 marketing act, 1980 PA 383, MCL 141.881 to 141.889, the community
16 convention or tourism marketing act, 1980 PA 395, MCL 141.871 to
17 141.880, or the regional tourism marketing act, 1989 PA 244, MCL
18 141.891 to 141.900.

19 (c) "Eligible expenses" means the actual and necessary
20 expenses incurred or to be incurred by a bureau or a local
21 organizing committee to provide hosting services for a large
22 special event under an event support contract between the site
23 selection organization and a bureau or local organizing committee.
24 Eligible expenses include, but are not limited to, 1 or more of the
25 following:

26 (i) Venue rentals.

27 (ii) Transportation services.

1 (iii) Food service costs.

2 (iv) Printing and media production costs.

3 (v) Licensing fees.

4 (vi) Lodging and travel expenses of the organization staging
5 the large special event incurred after a site in this state has
6 been selected to host a large special event.

7 (vii) Promotional activities.

8 (viii) Equipment and staging rental charges.

9 (ix) Additional security or sanitation expense incurred by a
10 local municipality in connection with a large special event.

11 (x) Temporary improvements to a venue necessary to stage a
12 large special event.

13 (d) "Event grant" means an award of money from the fund by the
14 strategic fund to assist a bureau or local organizing committee
15 with defraying eligible expenses that are the responsibility of the
16 bureau or local organizing committee pursuant to an event support
17 contract between a site selection organization and a bureau or
18 local organizing committee.

19 (e) "Event support contract" means an undertaking, agreement,
20 or a bid to host a large special event executed or submitted by a
21 bureau or its local organizing committee and executed or otherwise
22 accepted by a site selection organization.

23 (f) "Fund" or "large special events fund" means the large
24 special events fund established in section 4.

25 (g) "Large special event" means an event or a related series
26 of events regularly staged or sponsored by a multistate or
27 nationally recognized organization for which a bureau or a local

1 organizing committee seeks approval from a site selection
2 organization to hold the event at a site in this state that meets
3 all of the following:

4 (i) Is expected to bring out-of-state visitors to this state
5 for a period of at least 2 days.

6 (ii) Has the required attendance.

7 (iii) Meets 1 of the following:

8 (A) Has not been hosted in this state within the 12-month
9 period prior to the anticipated start date for the event.

10 (B) Is a multiyear event staged by the same site selection
11 organization to be staged in sequential years in the same state.

12 (h) "Local organizing committee" means a subsidiary of a
13 bureau organized by the bureau to provide support services for a
14 large special event pursuant to an event support contract entered
15 into between the local organizing committee and the site selection
16 organization.

17 (i) "Required attendance" means 1 of the following:

18 (i) An attendance of at least 5,000 people who reside outside
19 of this state for an event held within the marketing area of a
20 bureau collecting an assessment under the convention and tourism
21 marketing act, 1980 PA 383, MCL 141.881 to 141.889.

22 (ii) An attendance of at least 1,500 people who reside outside
23 of this state for an event held within the marketing area of a
24 bureau collecting an assessment under the convention or tourism
25 marketing act, 1980 PA 395, MCL 141.871 to 141.880, whose
26 assessment district includes a county with a population of at least
27 550,000 but not more than 650,000.

1 (iii) An attendance of at least 900 people who reside outside
2 of this state for an event held within the marketing area of a
3 bureau collecting an assessment under the convention or tourism
4 marketing act, 1980 PA 395, MCL 141.871 to 141.880, not subject to
5 subparagraph (ii) or the regional tourism marketing act, 1989 PA
6 244, MCL 141.891 to 141.900.

7 (j) "Site selection organization" means designated officials
8 of a multistate or nationally recognized entity that holds large
9 special events who are charged by that entity with selecting the
10 sites to hold the event.

11 (k) "Strategic fund" means the Michigan strategic fund created
12 in the Michigan strategic fund act, 1984 PA 270, MCL 125.2001 to
13 125.2094.

14 (l) "Treasurer" means the treasurer of this state.

15 Sec. 4. (1) The large special events fund is created within
16 the state treasury.

17 (2) The state treasurer may receive money or other assets from
18 any source for deposit into the fund. The state treasurer shall
19 direct the investment of the fund. The state treasurer shall credit
20 to the fund interest and earnings from fund investments.

21 (3) Money in the fund at the close of the fiscal year shall
22 remain in the fund and shall not lapse to the general fund.

23 (4) The strategic fund shall be the administrator of the fund
24 for auditing purposes.

25 (5) The strategic fund shall expend money from the fund, upon
26 appropriation, only as provided in this act.

27 (6) From the general fund for the 2018-2019 fiscal year,

1 \$2,000,000.00 is appropriated to the fund for event grants under
2 this act.

3 Sec. 5. (1) A bureau or local organizing committee that
4 intends to submit a bid to host a large special event to a site
5 selection organization or that has entered into an event support
6 contract with a site selection organization may apply to the
7 strategic fund for an event grant.

8 (2) An event grant may be awarded by the strategic fund
9 prospectively in order to support the bureau's bid, with actual
10 payment of the event grant contingent upon the bureau's or local
11 organizing committee's entering into an event support contract with
12 the site selection organization.

13 (3) The strategic fund may award the event grant in the sum
14 requested by the bureau or local organizing committee upon
15 determining all of the following:

16 (a) The event to be held in this state is a large special
17 event.

18 (b) Expenses for which the grant is requested are eligible
19 expenses.

20 (c) The bureau or local organizing committee has demonstrated
21 to the strategic fund that at least 60% of the incremental increase
22 in tax receipts as a result of staging the large special event in
23 this state will be derived from out-of-state residents or
24 businesses.

25 (4) The event support grant shall be used by the bureau or
26 local organizing committee solely for defraying the eligible
27 expenses incurred or to be incurred by the bureau or local

1 organizing committee pursuant to an event support contract.

2 (5) An event grant shall be paid over to the bureau or local
3 organizing committee by the strategic fund in installments that
4 coincide with the bureau's or local organizing committee's payment
5 of eligible expenses pursuant to the event support contract.

6 Sec. 6. (1) If a site selection organization selects a site
7 for a large special event in this state pursuant to a bid by a
8 bureau or a local organizing committee, upon request of the
9 strategic fund or a bureau or local organizing committee, the
10 treasurer shall determine for a 1-year period that begins 6 months
11 before the date on which the large special event will begin, in
12 accordance with procedures developed by the treasurer, both of the
13 following:

14 (a) The anticipated incremental increase in the receipts to
15 the state from tax imposed under the Michigan liquor control code
16 of 1998, 1998 PA 58, MCL 436.1101 to 436.2303, within the market
17 areas designated under subsection (3), that is directly
18 attributable, as determined by the treasurer, to the preparation
19 for and hosting of the large special event and related activities.

20 (b) The anticipated incremental increase in the receipts
21 collected by the state in the market area from the sales tax as
22 provided in section 25 of the general sales tax act, 1933 PA 167,
23 MCL 205.75, and the use tax as provided in section 21 of the use
24 tax act, 1937 PA 94, MCL 205.111, that is directly attributable, as
25 determined by the treasurer, to the preparation for and hosting of
26 the large special event and related activities.

27 (2) A request for a determination of the amount of anticipated

1 incremental increase in tax receipts described in subsection (1)
2 must be submitted to the treasurer not earlier than 1 year and not
3 later than 90 days before the date the large special event begins.
4 The treasurer shall base the determination specified by subsection
5 (1) on information submitted by the bureau or local organizing
6 committee to the strategic fund and must make the determination not
7 later than 30 days after the date the treasurer receives the
8 request and related information.

9 (3) For the purposes of subsection (2), the treasurer shall
10 designate as a market area for the event each area in which the
11 treasurer determines there is a reasonable likelihood of measurable
12 economic impact directly attributable to the preparation for and
13 presentation of the large special event and related activities,
14 including areas likely to provide venues, accommodations, and
15 services in connection with the large special event based on the
16 proposal provided by the bureau or local organizing committee to
17 the strategic fund. The treasurer shall determine the geographic
18 boundaries of each market area, which shall not be less than the
19 assessment district of the bureau within which the large special
20 event will be held.

21 Sec. 7. (1) The department of treasury shall remit to the
22 strategic fund and the strategic fund shall deposit into the fund
23 the following amounts:

24 (a) Fifty percent of the anticipated incremental increase in
25 taxes to be collected by the state as determined by the treasurer
26 under section 6(1)(a), as provided in section 1207 of the Michigan
27 liquor control code of 1998, 1998 PA 58, MCL 436.2207.

1 (b) Fifty percent of the anticipated incremental increase in
2 taxes to be collected by the state as determined by the treasurer
3 under section 6(1)(b), as provided in section 25 of the general
4 sales tax act, 1933 PA 167, MCL 205.75, and section 21 of the use
5 tax act, 1937 PA 94, MCL 205.111.

6 (2) The treasurer shall remit the sums provided for in
7 subsection (1) on or before 60 days after making the determination
8 described in subsection (1) or at a time otherwise determined to be
9 practicable by the treasurer.

10 Sec. 8. This act shall not be construed as creating or
11 requiring a state guarantee of obligations imposed on any bureau or
12 local organizing committee under an accepted bid or event support
13 contract or other agreement relating to hosting 1 or more large
14 special events in this state.

15 Sec. 9. The treasurer may not undertake any of the
16 responsibilities or duties set forth in this section unless a
17 request is submitted by a bureau or local organizing committee. The
18 request shall also be accompanied by documentation from a site
19 selection organization selecting the site for the event.

20 Sec. 10. A final bid that is submitted by a bureau or local
21 organizing committee to a site selection organization, or a draft
22 of that bid, is exempted from public disclosure by the strategic
23 fund under the freedom of information act, 1976 PA 442, MCL 15.231
24 to 15.246, until the applicable site selection organization accepts
25 the bid. Nothing in this section shall be construed as subjecting a
26 bureau or local organizing committee to the freedom of information
27 act, 1976 PA 442, MCL 15.231 to 15.246.

1 Sec. 11. Beginning with the third year after the first grant
2 is awarded under this act, and annually thereafter, the strategic
3 fund shall publish a report that itemizes all of the following:

4 (a) The number and amount of grants awarded under this act.

5 (b) The large special events supported by grants under this
6 act.

7 (c) The bureaus that were the recipients of grants under this
8 act.

9 (d) The amount of money deposited into the fund from the
10 incremental increase in taxes.

11 (e) The total incremental increase in taxes realized by the
12 state from the special events staged in this state.

13 (f) Any other information considered appropriate by the
14 strategic fund.