

MEDC LEGISLATIVE PRIORITIES AND POLICY MONITORING – NOVEMBER & DECEMBER 2018

MEDC SNAPSHOT

MEDC, in collaboration with more than 100 economic development partners, markets Michigan as a place to do business and as a four-season tourist destination; assists businesses in their growth strategies; and fosters the growth of vibrant communities and revitalized urban centers across the state.

TOP LEGISLATIVE PRIORITY FOR MEDC

21st Century Jobs Fund Sunset Extension (SB 1108): The 21st Century Jobs Fund was established in 2005 and is funded annually through Tobacco Settlement Revenue, currently \$75 million per year. The funding is used for the Pure Michigan Campaign, and for Business Investment and Community Vitality programs. The 21st Century Jobs Fund has a 2019 sunset, last extended in 2014. This current legislation would extend the Fund's sunset for another four years. Sen. Stamas introduced legislation to extend the current sunset from 2019 to 2023. Without extending the sunset, MEDC will lose \$75 million in annual funding.

Impact Without Extension:

- MEDC will lose out on a guaranteed revenue stream for the Pure Michigan Travel Campaign, as well as a significant portion of its Business Attraction and Community Revitalization appropriations.

- MEDC will have to compete with all other programs and departments to secure the \$75 million in funding. This will be exceptionally hard in 2020, when the State budget will face serious budget constraints.
- MEDC has already experienced significant cuts, and this would further negatively impact MEDC's ability to move forward with strategic priorities such as increased support for Rural and Small Community projects, a site development program, early stage capital efforts, and the award-winning Pure Michigan tourism campaign.

Call to Action:

Continued communication to House and Senate leadership (Sens. Meekhof, Hildenbrand, Shirkey, Kowall, and Speaker Leonard, as well as Reps. Cox, Chatfield, VerHeulen etc.), the State Budget Office, and senior staff in the House and Senate.

MAJOR LEGISLATION FOR AWARENESS

Online Gaming and Sports Betting (HBs 4926-4928): Collectively, this package would allow for the licensure of online gaming, establish an enforcement office, and identify gross tax on net winnings to benefit local governments, schools, transportation funds and gambling addiction treatment. The bills limit licensure to existing land-based casinos in the state, including both tribal and Detroit casinos. Finally, the bill allows for sports betting.

Impact:

- MEDC receives approximately \$55 million annually in revenues from casinos operated

by seven sovereign tribal nations, negotiated through gaming compacts with the State of Michigan. These funds comprise nearly 80% of the total funding for MEDC annually.

- Recent actions by the Michigan Legislature in considering the legalization of online gaming have the potential to not only endanger MEDC and local government funding, but also to damage the development of the critical, nascent economic development partnerships with the tribes.

— OTHER LEGISLATION MEDC WILL SUPPORT, OPPOSE OR MONITOR —

Support

- **Convention and Tourism Marketing Reforms (SBs 703-707):** The legislation will amend various convention and tourism marketing acts that allow convention and visitor bureaus to levy an assessment on rented rooms for tourism promotion in the region. A legislative findings section will be added in each of the proposed bills validating the importance of tourism to the state and the need for state oversight and resources to implement coordinated and effective marketing programs. **MEDC supports the legislation. Without passage, there is a legal risk that a court ruling could determine the CVB room assessment is unconstitutional. The room assessment is the primary revenue source for all CVBs across the state for travel and tourism marketing.**
- **Brownfield Reporting Modification (HB 6404):** Rep. Iden bill that updates the Brownfield Redevelopment Act to incorporate reporting changes requested by the MEDC and DEQ to correct inadvertent errors in a 2016 amendment to the law. **MEDC supports.**
- **Incentive Monitoring (HB 6052):** Rep. Albert bill would require MEDC and Treasury, through DTMB, to send out an RFP for third-party incentive monitoring. The legislation would focus on the effectiveness of the incentive programs and not on individual incentives to a specific company. **MEDC has worked with the Rep. Albert, PEW, business groups, and local partners on the legislation.**
- **Large Special Events Fund (SBs 1065-1068):** Package of bills would create a new "Large Special Events Fund" that provides grants to help in bidding for large conferences of national associations and major sporting events. The fund would require an initial \$2 million appropriation and would then create a mechanism to self-replenish the fund through incremental revenues gains and tax capture. **MEDC supports the concept and is working with Treasury, CVBs, and Sen. Horn to work through the mechanics of the potential program.**

Oppose

- **Redirecting Tribal Revenues (HB 6445):** Rep. Yaroch bill that would redirect existing tribal revenues (approximately \$60 million) from MEDC to the Michigan Department of Transportation for additional road funding. **MEDC opposes and has been working with Rep. Cole on the legal and practical issues with the legislation.**

Monitoring

- **Michigan Tourism and Sports Fund (SB 523/ HB 5134):** Sen. Casperson and Rep. LaFave bills amend the State Convention Facility Development Act to allow for the distribution of excess funds from the Convention Facility Development Fund, split three ways among the Michigan Tourism and Sports Fund and counties, as well as for the retirement of outstanding debts for the metropolitan authority. **MEDC has concerns that a last-minute proposal would take existing 21st Century Funds away from MEDC to cover the cost of a ski jump project.**
- **Small Business and Entrepreneurship Services Office (HB 6238):** Rep. Lasinski's bill would create small a business and entrepreneurship services office within TED. **MEDC has concerns as this would duplicate services already provided by MI-SBDC and MEDC Entrepreneurship and Innovation programs.**
- **Rural Development Program (HB 6064):** Rep. Wentworth bill that creates the Rural Development Fund Program requiring the MSF to partner with private investors to create "rural development funds" that provide grants to companies in rural communities. **MEDC has concerns; working with sponsor and stakeholders to fix the bill.**