



HOUSE BILL No. 4460

March 9, 1993, Introduced by Reps. Jondahl and Fitzgerald and referred to the Committee on Taxation.

A bill to amend sections 2 and 3 of Act No. 395 of the Public Acts of 1980, entitled as amended "Community convention or tourism marketing act," section 2 as amended by Act No. 59 of the Public Acts of 1984 and section 3 as amended by Act No. 92 of the Public Acts of 1991, being sections 141.872 and 141.873 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 2 and 3 of Act No. 395 of the Public
2 Acts of 1980, section 2 as amended by Act No. 59 of the Public
3 Acts of 1984 and section 3 as amended by Act No. 92 of the Public
4 Acts of 1991, being sections 141.872 and 141.873 of the Michigan
5 Compiled Laws, are amended to read as follows:

1 Sec. 2. As used in this act:

2 (a) "Assessment" means the amount levied against an owner of
3 a transient facility within an assessment district, computed by
4 application of the applicable percentage against aggregate room
5 charges with respect to that transient facility during the appli-
6 cable assessment period.

7 (b) "Assessment district" means a municipality or combina-
8 tion of municipalities as described in a marketing program. A
9 combination of municipalities is not required to be contiguous.

10 (c) "Assessment revenues" means the money derived from the
11 assessment, including any interest and penalties on the assess-
12 ment, imposed by this act.

13 (d) "Board" means the board of directors elected by the mem-
14 bers of a bureau. A majority of the members of a board shall be
15 owners of transient facilities.

16 (e) "Bureau" means a nonprofit corporation existing to pro-
17 mote convention business or tourism within this state or a por-
18 tion of this state.

19 (f) "Director" means the director of commerce.

20 (g) "Marketing program" means a program established by a
21 bureau to develop, encourage, solicit, and promote convention
22 business or tourism within this state or a portion of this state
23 within which the bureau operates. The encouragement and promo-
24 tion of convention business or tourism ~~shall include~~ INCLUDES
25 any service, function, or activity, whether or not performed,
26 sponsored, or advertised by a bureau, ~~which~~ THAT intends to
27 attract transient guests to the assessment district. FOR A

1 BUREAU DESCRIBED IN SECTION 3(8), A MARKETING PROGRAM INCLUDES A
2 CONTRACT WITH A NONPROFIT ORGANIZATION FORMED TO PROMOTE CONVEN-
3 TION BUSINESS OR TOURISM THAT RECEIVES FUNDING FROM A TAX LEVIED
4 UNDER ACT NO. 263 OF THE PUBLIC ACTS OF 1974, BEING SECTIONS
5 141.861 TO 141.867 OF THE MICHIGAN COMPILED LAWS, IN A CONTIGUOUS
6 COUNTY TO PROVIDE FOR THE PROMOTION OF CONVENTION BUSINESS OR
7 TOURISM.

8 (h) "Marketing program notice" means the notice described in
9 section 3.

10 (i) "Municipality" means a county with a population of less
11 than 650,000 or a city, village, or township within a county with
12 a population of less than 650,000. Municipality does not include
13 a special charter, fourth class city.

14 (j) "Owner" means the owner of a transient facility to be
15 served by the bureau or, if the transient facility is operated or
16 managed by a person other than the owner, then the operator or
17 manager of that transient facility.

18 (k) "Room" means a room or other space provided for sleeping
19 ~~which~~ THAT can be rented independently, including the furnish-
20 ings and other accessories in the room. Room includes, but is
21 not limited to, a condominium or time-sharing unit ~~which~~ THAT,
22 pursuant to a management agreement, may be used to provide dwell-
23 ing, lodging, or sleeping quarters for a transient guest.

24 (l) "Room charge" means the charge imposed for the use or
25 occupancy of a room, excluding charges for food, beverages, state
26 use tax, telephone service, or like services paid in connection

1 with the charge, and excluding reimbursement of the assessment
2 imposed by this act.

3 (m) "Transient facility" means a building or combination of
4 buildings under common ownership, operation, or management
5 ~~which~~ THAT contains 10 or more rooms used in the business of
6 providing dwelling, lodging, or sleeping to transient guests,
7 whether or not membership is required for the use of the rooms.
8 Transient facility does not include a college or school dormito-
9 ry, a hospital, a nursing home, or a facility owned and operated
10 by an organization qualified for an exemption from federal taxa-
11 tion under section 501(c) of the internal revenue code.

12 (n) "Transient guest" means a person who occupies a room in
13 a transient facility for less than 30 consecutive days.

14 Sec. 3. (1) A bureau that wishes to establish a marketing
15 program and assessment district shall file a marketing program
16 notice with the director. The marketing program notice shall
17 state that the bureau proposes to create a marketing program
18 under this act and cause an assessment to be collected from
19 owners of transient facilities within the assessment district to
20 pay the costs of the marketing program.

21 (2) The marketing program notice shall describe the struc-
22 ture, membership, and activities of the bureau.

23 (3) The marketing program notice shall describe the market-
24 ing program to be implemented by the bureau with the assessment
25 revenues, specify the amount of the assessment proposed to be
26 levied, which, EXCEPT AS PROVIDED IN THIS SUBSECTION, shall not
27 exceed 2% of the room charges in the applicable payment period,

1 and describe the municipalities comprising the assessment
2 district. A BUREAU DESCRIBED IN SUBSECTION (8) MAY IMPOSE AN
3 ASSESSMENT OF 4%.

4 (4) Except as provided in this subsection, a municipality or
5 a part of a municipality shall not be included in the marketing
6 program notice and the assessment district specified in the
7 notice if, on the date the notice is mailed, the county in which
8 that part is located is collecting a tax pursuant to Act No. 263
9 of the Public Acts of 1974, being sections 141.861 to 141.867 of
10 the Michigan Compiled Laws. A municipality or a part of a munic-
11 ipality may be included in a marketing program notice and the
12 assessment district specified in the notice and, after
13 September 30, 1991, may be assessed under this act if the county
14 in which the municipality or part is located collects an excise
15 tax pursuant to Act No. 263 of the Public Acts of 1974 ~~—being~~
16 ~~sections 141.861 to 141.867 of the Michigan Compiled Laws,~~ and
17 the authority to collect that excise tax terminates not later
18 than October 1, 1991. Except as provided in section 10, an area
19 shall not be included in the marketing program notice filed under
20 this act and the assessment district specified in the notice if
21 the area is part of an existing assessment district under this
22 act for which a marketing program is in effect.

23 (5) If on the date of the mailing of the marketing program
24 notice under this act an excise tax or other tax based on a room
25 charge is not being collected, a municipality included in the
26 marketing program notice shall not be subject to the collection

1 of an excise tax imposed under Act No. 263 of the Public Acts of
2 1974 or another tax based on a room charge.

3 (6) If a part of a municipality is subject to an assessment
4 under the convention and tourism marketing act, Act No. 383 of
5 the Public Acts of 1980, being sections 141.881 to 141.889 of the
6 Michigan Compiled Laws, that part of the municipality shall not
7 be included in a marketing program notice or assessment district
8 under this act.

9 (7) Simultaneously with the filing of the marketing program
10 notice with the director, the bureau shall mail a copy of the
11 notice, by registered or certified mail, to each owner of a tran-
12 sient facility located in the assessment district specified in
13 the notice, in care of the respective transient facility. In
14 assembling the list of owners to whom the notices shall be
15 mailed, the bureau shall use any data that is reasonably avail-
16 able to the bureau.

17 (8) A BUREAU THAT IS LOCATED WITHIN A TOWNSHIP THAT IS A
18 MUNICIPALITY AND, EXCEPT FOR THE ASSESSMENT MADE UNDER THIS SUB-
19 SECTION, THAT DOES NOT ASSESS A ROOM CHARGE ON THE OWNERS OF A
20 TRANSIENT FACILITY MAY IMPOSE AN ASSESSMENT OF 4% IF IT MEETS ALL
21 OF THE FOLLOWING:

22 (A) THE ASSESSMENT DISTRICT IS A TOWNSHIP THAT IS CONTIGUOUS
23 TO A COUNTY THAT LEVIES AN EXCISE TAX OF 5% UNDER ACT NO. 263 OF
24 THE PUBLIC ACTS OF 1974.

25 (B) THE OWNERS REPRESENTING NOT LESS THAN 80% OF THE ROOMS
26 IN THE ASSESSMENT DISTRICT ARE MEMBERS OF A NONPROFIT
27 ORGANIZATION FORMED TO PROMOTE CONVENTION BUSINESS OR TOURISM

1 THAT RECEIVES FUNDING FROM A TAX LEVIED UNDER ACT NO. 263 OF THE
2 PUBLIC ACTS OF 1974, IN THE CONTIGUOUS COUNTY.

3 (C) THE BUREAU CONTRACTS WITH THE NONPROFIT ORGANIZATION
4 FORMED TO PROMOTE CONVENTION BUSINESS OR TOURISM THAT RECEIVES
5 FUNDING FROM A TAX LEVIED UNDER ACT NO. 263 OF THE PUBLIC ACTS OF
6 1974, IN THE CONTIGUOUS COUNTY TO PROMOTE CONVENTION BUSINESS OR
7 TOURISM AND PAYS THAT NONPROFIT ORGANIZATION ALL OF THE ASSESS-
8 MENT REVENUES COLLECTED UNDER THIS ACT FOR THE PROMOTION OF CON-
9 VENTION BUSINESS OR TOURISM.

10 (D) THE OWNERS REPRESENTING NOT LESS THAN 80% OF THE ROOMS
11 IN THE ASSESSMENT DISTRICT VOLUNTARILY CONTRIBUTED DURING THE
12 NONPROFIT ORGANIZATION'S PRECEDING FISCAL YEAR TO THE NONPROFIT
13 ORGANIZATION FORMED TO PROMOTE CONVENTION BUSINESS OR TOURISM
14 THAT RECEIVES FUNDING FROM A TAX LEVIED UNDER ACT NO. 263 OF THE
15 PUBLIC ACTS OF 1974, IN THE CONTIGUOUS COUNTY, AN AMOUNT EQUIVA-
16 LENT TO THE 2% ASSESSMENT PERMITTED UNDER THIS ACT FOR THE PROMO-
17 TION OF CONVENTION BUSINESS OR TOURISM.