

Legislative Analysis



ACCOMMODATIONS TAX: RAISE POPULATION LIMIT AND RATE

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House Bill 5241
Sponsor: Rep. James Koetje
Committee: Tax Policy

Complete to 2-17-04

A SUMMARY OF HOUSE BILL 5241 AS INTRODUCED 11-4-03

Under the Accommodations Tax Act, the board of commissioners of a county with a population of less than 600,000 that includes a city with a population of at least 40,000 may levy an accommodations (hotel-motel) excise tax of up to five percent from persons engaged in the business of providing rooms for dwelling, lodging, or sleeping purposes, with certain exceptions. The bill would increase the maximum county population to 700,000 and increase the maximum allowable rate to six percent. The bill would also specify that if a county met the population requirements on the date it enacted an ordinance levying the tax, the county could continue to levy, assess, and collect the tax.

MCL 141.862

FISCAL IMPACT:

The fiscal impact of the bill is indeterminate. The bill would allow an eligible county to increase the hotel/motel tax from five percent to six percent, and it would allow a county whose population eventually exceeds the 600,000 population threshold to continue to levy the tax. Revenue from the excise tax is deposited in a special fund to be used primarily for the construction, renovation, and maintenance of convention and entertainment facilities and for the promotion and encouragement of tourism and convention business.

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