

SENATE BILL NO. 547

June 17, 2021, Introduced by Senators HORN and VICTORY and referred to the Committee on Economic and Small Business Development.

A bill relating to the promotion of convention business and tourism in this state; to provide for registry, promotion, and regulation of certain short-term rentals and hosting platforms; to create certain databases; to establish the functions and duties of certain state departments and employees and certain local units of government; and to prescribe penalties and remedies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "short-term rental regulation act".

3 Sec. 2. As used in this act:

4 (a) "Booking transaction" means when a hosting platform, in

1 exchange for compensation, facilitates a short-term rental
2 transaction by directly or indirectly enabling the reservation of a
3 short-term rental or collecting or processing room charges.

4 (b) "Department" means the department of licensing and
5 regulatory affairs.

6 (c) "Director" means the director of the department.

7 (d) "Hosting platform" means a digital platform, third-party
8 website, software, online-enabled application, mobile phone
9 application, or some other similar electronic process through which
10 a short-term rental located in this state may be advertised,
11 listed, or offered as available.

12 (e) "Local unit of government" means a county, city, township,
13 or village.

14 (f) "Owner" means the owner of a short-term rental located
15 within this state or, if the short-term rental is operated or
16 managed by a person other than the owner, then the owner agent of
17 that short-term rental.

18 (g) "Owner agent" means a person who operates or manages
19 property offered for short-term rental.

20 (h) "Short-term rental" means the rental of all or a portion
21 of a dwelling, including, but not limited to, any single-family
22 residence, 1- to 4-family house or dwelling unit, or condominium
23 unit for terms of not more than 30 consecutive days. A short-term
24 rental does not include the rental of a dwelling if that property
25 is rented out for 14 days or less in a calendar year.

26 (i) "Short-term rental database" means the short-term rental
27 database created in section 3.

28 (j) "Use tax" means the tax imposed under the use tax act,
29 1937 PA 94, MCL 205.91 to 205.111.

1 Sec. 3. (1) The department shall create and operate a short-
2 term rental database, updated each year, of the information
3 provided in subsection (2).

4 (2) Each year in which a dwelling is offered for short-term
5 rental, the owner or the owner agent shall file with the department
6 a certificate that provides all of the following:

7 (a) Name and address of the owner of the short-term rental.

8 (b) Address of the short-term rental.

9 (c) Certification that the owner has \$1,000,000.00 or more
10 liability insurance on the short-term rental.

11 (3) The director shall prescribe the forms necessary for the
12 administration of the short-term rental database.

13 Sec. 4. An owner of a short-term rental shall maintain
14 liability insurance of \$1,000,000.00 or more on each short-term
15 rental while it is being offered for rent unless that short-term
16 rental is offered through a hosting platform that maintains equal
17 or greater insurance coverage. Insurance coverage described in this
18 section must defend and indemnify the owner agent and any tenants
19 or owners in the short-term rental for bodily injury and property
20 damage.

21 Sec. 5. (1) An owner or owner agent of a short-term rental who
22 violates this act is responsible for a civil fine and may be
23 ordered by the department to pay a civil fine of not more than
24 \$1,000.00 for each violation.

25 (2) A hosting platform that violates this act is responsible
26 for a civil fine and may be ordered by the department to pay a
27 civil fine of not more than \$25,000.00 for each violation.

28 Sec. 6. (1) A hosting platform shall not facilitate booking
29 transactions for a short-term rental located in this state unless

1 the hosting platform is currently and validly registered with the
2 department under this section. The department may issue a
3 registration number to each hosting platform that does all of the
4 following:

5 (a) Meets the requirements of this act and its related rules.

6 (b) Pays an annual registration fee to be determined by the
7 director. The annual registration fee shall be an amount equal to
8 \$100.00 per listing, not to exceed \$50,000.00 per year as
9 determined by the department.

10 (c) Agrees in writing to obtain written consent from all
11 owners or owner agents of a short-term rental located in this state
12 for the disclosure of the records required under subsection (4).

13 (2) A hosting platform shall not facilitate booking
14 transactions for a short-term rental located in this state if 1 or
15 more of the following apply:

16 (a) Where applicable, the short-term rental and its owner or
17 owner agent have not been issued a current and valid permit,
18 license, registration, or other related authorization by the
19 applicable local unit of government for the property's use as a
20 short-term rental.

21 (b) A certificate approval number has not been received by the
22 short-term rental's owner or owner agent, acknowledging the
23 department's review for completion and accuracy of the certificate
24 filed pursuant to section 3(2).

25 (3) The department shall adopt by rule, and enforce, standards
26 for the issuance, renewal, suspension, revocation, and appeal of
27 hosting platform registration, as well as standards for service of
28 process, notice, and demand.

29 (4) Notwithstanding any other provision of law or

1 administrative action to the contrary, a hosting platform shall do
2 all of the following:

3 (a) Develop and maintain a report, in a manner and form
4 established by the department, of short-term rental booking
5 transactions facilitated by the hosting platform in connection with
6 short-term rentals located in this state.

7 (b) The report described in subdivision (a) must include the
8 following records itemized for each individual short-term rental
9 booking transaction:

10 (i) Address, including any unit designation, of the short-term
11 rental.

12 (ii) The full legal name of the owner and, where applicable,
13 owner agent.

14 (iii) Where applicable, the current and valid permit, license,
15 registration, or other related authorization issued by the
16 applicable local unit of government to the owner or owner agent for
17 the dwelling's use as a short-term rental.

18 (iv) The calendar dates that the short-term rental was rented,
19 along with the nightly rate and any taxes or assessments collected.

20 (v) The amount of the hosting platform's compensation for
21 facilitating the booking transaction.

22 (vi) Any additional records as the department may require by
23 rule.

24 (c) Subject to applicable laws, provide the department monthly
25 with the report's itemized records for all booking transactions
26 facilitated in the preceding month.

27 (d) Subject to applicable laws and except as provided under
28 this subdivision, make the full report described under subdivision
29 (a) available to the department when requested by the director. A

1 report version made available to the department shall not include
2 copies of specific message exchanges between any of the following:

3 (i) Hosting platform.

4 (ii) Owner.

5 (iii) Owner agent.

6 (iv) Guest.

7 (v) Other person that booked a short-term rental.

8 (e) Maintain itemized records within the report for a period
9 of 3 years following the end of the calendar year in which the
10 individual short-term rental booking transaction occurred.

11 (5) The department may audit a hosting platform's report and
12 its itemized records as necessary. Upon lawful request, the
13 department shall share the report or particular itemized records
14 with the local unit of government where the short-term rental is
15 located.

16 Sec. 7. (1) A local unit of government may enact reasonable
17 regulations for short-term rentals to safeguard the public health,
18 safety, and welfare.

19 (2) A local unit of government shall not enact or enforce any
20 ordinance, including, but not limited to, a zoning regulation that
21 has the total effect of prohibiting short-term rentals.