

# HOUSE BILL NO. 5437

February 13, 2024, Introduced by Reps. Morgan, Brixie, Arbit, McKinney, Paiz, Hill, Byrnes, Rheingans, Scott, Miller, Dievendorf, Grant, O'Neal, Neeley, Brabec, Conlin, Wilson, Hope, Tyrone Carter, Price, Wegela and Aiyash and referred to the Committee on Regulatory Reform.

A bill to amend 1991 PA 180, entitled

"An act to assist in the financing of stadia or convention facilities; to permit eligible municipalities to impose and collect an excise tax on businesses engaged in the preparation and delivery of food and beverages for immediate consumption, in leasing or renting motor vehicles in the eligible municipality, and in providing accommodations for dwelling, lodging, or sleeping purposes; to limit the rate of that excise tax; to authorize voter approval in a single ballot question of the excise tax authorized by this act and of certain purposes for which the excise tax is imposed; to provide for the establishment of procedures for the collection, administration, and enforcement of the excise tax; to prescribe the powers and duties of certain state departments and state and local officials; to provide for the disposition and

transmittal of the revenues from the tax for stadia or convention facility development and other purposes and authorize the pledge of those revenues; to authorize the appointment of employees and officials of a local governmental unit to an authority to which revenues from the tax may be pledged; to prescribe penalties and provide remedies; and to repeal certain acts and parts of acts,"

by amending the title and sections 1, 2, and 6 (MCL 207.751, 207.752, and 207.756), section 1 as amended by 2008 PA 532.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

**1** TITLE

**2** An act to assist in the financing of stadia or convention  
**3** facilities; to permit eligible municipalities to impose and collect  
**4** an excise tax on businesses engaged in the preparation and delivery  
**5** of food and beverages for immediate consumption, in leasing or  
**6** renting motor vehicles in the eligible municipality, and in  
**7** providing accommodations for dwelling, lodging, or sleeping  
**8** purposes, **including short-term rentals**; to limit the rate of that  
**9** excise tax; to authorize voter approval in a single ballot question  
**10** of the excise tax authorized by this act and of certain purposes  
**11** for which the excise tax is imposed; to provide for the  
**12** establishment of procedures for the collection, administration, and  
**13** enforcement of the excise tax; to prescribe the powers and duties  
**14** of certain state departments and state and local officials; to  
**15** provide for the disposition and transmittal of the revenues from  
**16** the tax for stadia or convention facility development and other  
**17** purposes, and authorize the pledge of those revenues; to authorize  
**18** the appointment of employees and officials of a local governmental  
**19** unit to an authority to which revenues from the tax may be pledged;  
**20** to prescribe penalties and provide remedies; and to repeal certain  
**21** acts and parts of acts.

**22** Sec. 1. As used in this act:

1 (a) "Accommodations" means the room or other space provided  
2 for sleeping, including furnishings and other accessories in the  
3 room but not including the provision of food, beverages, telephone  
4 services, television or movie services, or other similar services,  
5 in a facility that is not a hospital, nursing home, emergency  
6 shelter, community mental health or community substance abuse  
7 treatment facility, or campground. **Accommodations includes, but is**  
8 **not limited to, a dwelling offered as a short-term rental.**

9 (b) "Chief executive officer" means for a county the county  
10 executive of a county or, if the county does not have an elected  
11 county executive, the chairperson of the county board of  
12 commissioners and for a city, the mayor.

13 (c) "Convention facility" means a convention exhibition  
14 facility, including meeting rooms and necessary sites, related  
15 parking lots or structures, and appurtenant properties and  
16 facilities, if the facility itself contains not less than 50,000  
17 square feet of exhibition space and, if the eligible municipality  
18 is a county, the facility is located within the boundaries of the  
19 most populous city in the county.

20 (d) "Eligible county" means a county with a population of  
21 1,500,000 or more persons that adopts or has adopted a charter  
22 under 1966 PA 293, MCL 45.501 to 45.521, and that intends to impose  
23 the tax authorized by this act for purposes related to a stadium as  
24 defined under subdivision ~~(i)-(i)~~. **(l) (i)** .

25 (e) "Eligible municipality" means any of the following:

26 (i) An eligible county that intends to impose a tax under this  
27 act for purposes related to a stadium as defined under subdivision  
28 ~~(i)-(i)~~. **(l) (i)** .

29 (ii) A county that is not a charter county that has a

1 population of more than 500,000 and contains a city with a  
 2 population of 180,000 or more persons, or the most populous city in  
 3 that county if either intends to impose a tax under this act for  
 4 purposes related to a stadium as defined under subdivision ~~(i)-(ii)~~  
 5 **(l) (ii)** or a convention facility.

6 **(iii)** A county with a population of less than 200,000 that  
 7 contains a city with a population of more than 40,000 but less than  
 8 50,000, or the most populous city in that county if either intends  
 9 to impose a tax under this act for purposes related to a stadium as  
 10 defined under subdivision ~~(i)-(ii)~~ **(l) (ii)** or a convention facility.

11 **(iv)** A county with a population of less than 300,000 with a  
 12 city with a population of more than 100,000 persons, or the most  
 13 populous city within that county if either intends to impose a tax  
 14 under this act for purposes related to a stadium as defined under  
 15 subdivision ~~(i)-(ii)~~ **(l) (ii)** or a convention facility.

16 **(v)** A county with a population of more than 250,000 with an  
 17 optional unified form of government or a city within that county  
 18 that levies a city income tax if either intends to impose a tax  
 19 under this act for purposes related to a stadium as defined under  
 20 subdivision ~~(i)-(ii)~~ **(l) (ii)** or a convention facility.

21 **(vi)** A county with a population of less than 300,000 with a  
 22 city with a population of more than 70,000 persons, or the most  
 23 populous city within that county if either intends to impose a tax  
 24 under this act for purposes related to a stadium as defined under  
 25 subdivision ~~(i)-(ii)~~ **(l) (ii)** .

26 **(f)** "Gross receipts" means that term as defined in former  
 27 section 7 of 1975 PA 228, ~~or~~ section 111 of the Michigan business  
 28 tax act, 2007 PA 36, MCL 208.1111, **or section 607 of the income tax**  
 29 **act of 1967, 1967 PA 281, MCL 206.607**. Gross receipts do not

1 include any amount received as reimbursement of sales tax or as  
2 charges for use tax.

3 (g) "Motor vehicle" means a motor vehicle subject to  
4 registration and certificate of title under section 216 of the  
5 Michigan vehicle code, 1949 PA 300, MCL 257.216, that is designed  
6 and intended to be used primarily in the transportation of  
7 passengers. Motor vehicle does not include a road tractor, school  
8 bus, special mobile equipment, tank vehicle, truck tractor,  
9 implement of husbandry, or farm tractor as these terms are defined  
10 by the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923.

11 (h) "Occupancy charge" means that term as defined in section 2  
12 of the short-term rental regulation act.

13 (i) "Owner", with respect to a short-term rental, means that  
14 term as defined in section 2 of the short-term rental regulation  
15 act.

16 (j) ~~(h)~~—"Person" means an individual, partnership,  
17 corporation, association, or other legal entity.

18 (k) "Short-term rental" means that term as defined in section  
19 2 of the short-term rental regulation act.

20 (l) ~~(i)~~—"Stadium" means a facility, including necessary sites,  
21 related parking lots or structures, and appurtenant properties and  
22 facilities, that is intended to provide space for any of the  
23 following:

24 (i) A professional baseball franchise, if the facility itself  
25 contains not less than 25,000 seats and is located in the downtown  
26 area of the most populous city in the eligible county.

27 (ii) Professional sports or entertainment, if the facility  
28 itself contains not less than 3,000 seats, is not a facility as  
29 defined by subparagraph (i).

1           (m) ~~(j)~~ "Transient guest" means a person who occupies an  
2 accommodation for less than 30 consecutive days.

3           Sec. 2. (1) The governing body of an eligible municipality, by  
4 ordinance, may levy, assess, and collect an excise tax on the  
5 privilege of operating the following businesses in the eligible  
6 municipality:

7           (a) A person engaged in the business of preparation and  
8 delivery of food or alcoholic or nonalcoholic beverages for  
9 immediate consumption either on or off the premises, ~~who~~ **that** is  
10 licensed to operate within the eligible municipality as a food  
11 service establishment ~~under part 129 of the public health code, Act~~  
12 ~~No. 368 of the Public Acts of 1978, being sections 333.12901 to~~  
13 ~~333.12922 of the Michigan Compiled Laws.~~ **as that term is defined in**  
14 **section 1107 of the food law, 2000 PA 92, MCL 289.1107.** This  
15 subdivision does not apply to ~~a~~ **any of the following:**

16           (i) **A** school district. ~~, to a~~

17           (ii) **A** nonprofit organization exempt from paying sanitation  
18 fees ~~under section 12906(3) of part 129 of Act No. 368 of the~~  
19 ~~Public Acts of 1978, being section 333.12906 of the Michigan~~  
20 ~~Compiled Laws, or to a~~ **additional state license fees under section**  
21 **3119 of the food law, 2000 PA 92, MCL 289.3119.**

22           (iii) **A retail** grocery store ~~licensed under the food processing~~  
23 ~~act of 1977, Act No. 328 of the Public Acts of 1978, being sections~~  
24 ~~289.801 to 289.810 of the Michigan Compiled Laws,~~ **as that term is**  
25 **defined in section 1111 of the food law, 2000 PA 92, MCL 289.1111,**  
26 whose sale of food or beverages for immediate consumption is in a  
27 volume incidental to the volume of its business as a **retail**  
28 grocery. ~~store.~~

29           (b) A person engaged in the business of the leasing or rental

1 of motor vehicles of which delivery is made in the eligible  
2 municipality.

3 (c) A person engaged in the business of providing  
4 accommodations for dwelling, lodging, or sleeping purposes in an  
5 eligible municipality to transient guests, whether or not  
6 membership is required for the use of the accommodations,  
7 **including, but not limited to, an owner of a short-term rental.**

8 (2) The rate of tax imposed ~~pursuant to~~**under** subsection (1)  
9 ~~shall~~**must** not exceed the following amounts:

10 (a) 1% of the gross receipts received by the person subject to  
11 tax under subsection (1)(a) from the sale of food and beverages,  
12 including alcoholic beverages, for immediate consumption either on  
13 or off the premises.

14 (b) 2% of the gross receipts received by the person subject to  
15 tax under subsection (1)(b) from the leasing or rental of motor  
16 vehicles for periods of less than 30 consecutive days.

17 (c) 1% of the gross receipts received by a person subject to  
18 tax under subsection (1)(c) from the charges imposed for the use or  
19 occupancy of accommodations provided in the eligible municipality  
20 to transient guests, but excluding charges imposed as reimbursement  
21 for the tax levied under the state convention facility development  
22 act, ~~Act No. 106 of the Public Acts of 1985, being sections 207.621~~  
23 ~~to 207.640 of the Michigan Compiled Laws, **1985 PA 106, MCL 207.621**~~  
24 **to 207.640**, or for assessments imposed under the convention and  
25 tourism marketing act, ~~Act No. 383 of the Public Acts of 1980,~~  
26 ~~being sections 141.881 to 141.889 of the Michigan Compiled Laws,~~  
27 **1980 PA 383, MCL 141.881 to 141.889**, the regional tourism marketing  
28 act, ~~Act No. 244 of the Public Acts of 1989, being sections 141.891~~  
29 ~~to 141.900 of the Michigan Compiled Laws, **1989 PA 244, MCL 141.891**~~

1 to 141.900, and the community convention or tourism marketing act,  
2 Act No. 395 of the Public Acts of 1980, being sections 141.871 to  
3 141.880 of the Michigan Compiled Laws. **1980 PA 395, MCL 141.871 to**  
4 **141.880. For a short-term rental, the charge imposed for the use or**  
5 **occupancy of accommodations is the occupancy charge.**

6 (3) The ordinance ~~shall~~**must** specify the date on which the  
7 ordinance becomes effective, which ~~shall~~**must** not be earlier than  
8 30 days after the date on which the ordinance is approved by a vote  
9 of a majority of the electors of the eligible municipality voting  
10 on the ordinance at a primary or general election or at a special  
11 election called for that purpose. ~~Any~~**An** ordinance under this act  
12 ~~shall~~**must** not be submitted to the electors of an eligible  
13 municipality more than 2 times. The county clerk and all local  
14 election officials within the county shall take those steps  
15 necessary to conduct the election, the incremental expense of which  
16 **the eligible county** shall ~~be reimbursed by the eligible county.~~  
17 **reimburse.** The question presented to the voters ~~shall~~**must** state  
18 the rates at which the tax is authorized and that the purpose of  
19 the tax is principally to secure and fund the payment of rentals by  
20 the eligible municipality to an authority organized for the purpose  
21 of acquiring a stadium or convention facility and leasing it to the  
22 eligible municipality. The question presented may also request  
23 approval of the leasing and subleasing of the stadium or convention  
24 facility by the eligible municipality. However, if the question  
25 presented does not include a request for approval of the leasing  
26 and subleasing of the stadium or convention facility, a right of  
27 initiative and referendum exists, pursuant to the terms of the  
28 local charter, in relation to the adoption or execution of any  
29 contract, lease, or sublease for the stadium or convention facility



1 or of any amendment to any contract of lease or sublease of any  
2 local unit of government necessary to allow the eligible  
3 municipality to lease or sublease the stadium or convention  
4 facility.

5 (4) The ordinance imposing the excise tax authorized by this  
6 act ~~shall~~**must** provide for the expiration of the excise tax not  
7 later than the end of the fiscal year of the eligible municipality  
8 in which obligations issued by an authority to which the revenues  
9 of the excise tax are pledged as rentals under section 6 or any  
10 obligations that may refund those obligations, in whole or in part,  
11 are retired.

12 (5) A right of initiative and referendum exists in relation to  
13 any issue related to an ordinance adopted in a county that is not a  
14 charter county. To invoke that initiative or referendum, petitions  
15 signed by not less than 5% of the registered electors in the county  
16 ~~shall~~**must** be filed with the county clerk of that county. The  
17 county board of commissioners shall provide the time and manner of  
18 submitting the question at the election and of determining the  
19 result of the election.

20 (6) An eligible municipality shall not levy the tax under this  
21 act on businesses upon which another eligible municipality has  
22 imposed the tax.

23 Sec. 6. The revenues from the tax imposed under this act ~~shall~~  
24 **must** be deposited in a special fund and ~~shall~~**must** be used and may  
25 be pledged by the eligible municipality only for the following  
26 purposes or paid to the following entities in the following order  
27 of priority:

28 (a) Costs borne by the eligible municipality for the election  
29 required under section 2(3) and in the administration and

1 enforcement of the ordinance.

2 (b) Costs associated with the acquisition and construction of  
3 a stadium as defined by section ~~1(i)(i)~~**1(l)(i)** or with the  
4 acquisition, improvement, enlargement, and construction of a  
5 stadium as defined by section ~~1(i)(ii)~~**1(l)(ii)** or convention  
6 facility, ~~as defined by section 1(e),~~ including the reimbursement  
7 of those costs paid by an eligible municipality, and costs of  
8 current or future annual rental payable for a stadium or convention  
9 facility by an eligible municipality, or reimbursement of the  
10 eligible municipality for rentals paid, to an authority that is  
11 incorporated by the eligible municipality pursuant to ~~Act No. 31 of~~  
12 ~~the Public Acts of the First Extra Session of 1948,~~ being sections  
13 ~~123.951 to 123.965 of the Michigan Compiled Laws.~~**1948 (1st Ex Sess)**  
14 **PA 31, MCL 123.951 to 123.965.**

15 (c) To the extent not needed for purposes identified in  
16 subdivision (a) or (b) in any year or to maintain a reserve for  
17 those purposes in future years, costs associated with the clearance  
18 and improvement of land for assembly and development purposes,  
19 **programs to assist with or provide child care, or housing**  
20 **activities.**

21 Enacting section 1. This amendatory act does not take effect  
22 unless Senate Bill No.\_\_\_\_ or House Bill No. 5438 (request no.  
23 03372'23 \*\*) of the 102nd Legislature is enacted into law.