

HOUSE BILL NO. 5442

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

A bill to amend 1985 PA 106, entitled "State convention facility development act," by amending the title and sections 3, 4, 8, 9, and 19 (MCL 207.623, 207.624, 207.628, 207.629, and 207.639), sections 3 and 9 as amended by 2022 PA 276 and sections 4 and 8 as amended by 2009 PA 61.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE
2 An act to impose a state excise tax on **owners of short-term**

1 **rentals and** persons engaged in the business of providing rooms for
2 dwelling, lodging, or sleeping purposes to transient guests in
3 certain counties; to provide for the levy, assessment, and
4 collection of the tax; to provide for the disposition and
5 appropriation of the collections from the tax; to create a
6 convention facility development fund; to authorize the
7 distributions from the fund; to authorize the use of distributions
8 from the tax as security for any bonds, obligations, or other
9 evidences of indebtedness issued to finance convention facilities
10 as provided by law **and for certain other purposes**; to prescribe
11 certain other matters relating to bonds, obligations, or other
12 evidences of indebtedness issued for such purposes.

13 Sec. 3. As used in this act:

14 (a) "Accommodations" means the room or other space provided to
15 transient guests for dwelling, lodging, or sleeping, including
16 furnishings and other accessories, in a facility that is not a
17 campground, hospital, nursing home, emergency shelter, or community
18 mental health or community substance abuse treatment facility.
19 Accommodations do not include food or beverages.

20 (b) "Commissioner" means the state treasurer.

21 (c) "Convention facility" means 1 or more facilities owned or
22 leased by a local governmental unit or metropolitan authority
23 created under the regional convention facility authority act, 2008
24 PA 554, MCL 141.1351 to 141.1379, that are any combination of a
25 convention hall, auditorium, meeting rooms, and exhibition areas
26 that are separate and distinct and contiguous to each other, and
27 related adjacent public areas generally available to members of the
28 public for lease on a short-term basis for holding conventions,
29 meetings, exhibits, and similar events and the necessary site or

1 sites, together with appurtenant properties necessary and
 2 convenient for use in connection with the facility. Convention
 3 facility includes a qualified convention facility as **that term is**
 4 defined ~~under~~**in** section 5 of the regional convention facility
 5 authority act, 2008 PA 554, MCL 141.1355.

6 (d) "Convention hotel" means a facility used in the business
 7 of providing accommodations that has ~~more than 80~~**1 or more** rooms
 8 for providing accommodations to transient guests and that complies
 9 with all of the following:

10 (i) Is located within a county having a population according to
 11 the most recent decennial census of 700,000 or more.

12 (ii) Is located within a county that is 1 or more of the
 13 following:

14 (A) A county that has a convention facility with 350,000
 15 square feet or more of total exhibit space.

16 (B) A county that has 2,000 or more rooms to provide
 17 accommodations for transient guests.

18 (e) "Local governmental unit" means a county, township, city,
 19 village, or a metropolitan authority formed under the regional
 20 convention facility authority act, 2008 PA 554, MCL 141.1351 to
 21 141.1379.

22 (f) **"Owner", with respect to a short-term rental, means that**
 23 **term as defined in section 2 of the short-term rental regulation**
 24 **act.**

25 (g) ~~(f)~~"Person" means a natural person, partnership, limited
 26 partnership, fiduciary, association, corporation, limited liability
 27 company, or other entity.

28 (h) ~~(g)~~"Public-private arrangement" means a public-private
 29 arrangement authorized under the regional convention facility

1 authority act, 2008 PA 554, MCL 141.1351 to 141.1379.

2 (i) ~~(h)~~ "Room charge" means the charge imposed for the use or
 3 occupancy of accommodations, excluding charges for food, beverages,
 4 telephone services, the use tax imposed under the use tax act, 1937
 5 PA 94, MCL 205.91 to 205.111, or like services paid in connection
 6 with the charge. Room charge does not include reimbursement of the
 7 assessment imposed by the community convention or tourism marketing
 8 act, 1980 PA 395, MCL 141.871 to 141.880, the convention and
 9 tourism marketing act, 1980 PA 383, MCL 141.881 to 141.889, or this
 10 act. **For a short-term rental, room charge means the occupancy**
 11 **charge as that term is defined in section 2 of the short-term**
 12 **rental regulation act.**

13 (j) "Short-term rental" means a short-term rental as that term
 14 is defined in section 2 of the short-term rental regulation act
 15 that complies with all of the following:

16 (i) Is located within a county having a population according to
 17 the most recent decennial census of 700,000 or more.

18 (ii) Is located within a county that is 1 or more of the
 19 following:

20 (A) A county that has a convention facility with 350,000
 21 square feet or more of total exhibit space.

22 (B) A county that has 2,000 or more rooms to provide
 23 accommodations for transient guests.

24 (k) ~~(i)~~ "Transient guest" means a natural person staying less
 25 than 30 consecutive days.

26 Sec. 4. (1) There is hereby levied upon and there shall be
 27 collected from **owners of short-term rentals and** any person engaged
 28 in the business of providing accommodations to transient guests in
 29 a convention hotel, whether or not membership is required, an

1 excise tax at the following rates:

2 (a) For a **short-term rental or a** convention hotel located
3 within a qualified local governmental unit under section 9(4), the
4 following:

5 (i) A rate of 3% of the room charge for **short-term rentals or**
6 accommodations in a convention hotel with ~~81-1~~ to 160 rooms.

7 (ii) A rate of 6% of the room charge for accommodations in a
8 convention hotel with more than 160 rooms.

9 (b) For all other **short-term rentals or** convention hotels not
10 subject to the tax rates imposed by subdivision (a), the following:

11 (i) A rate of 1.5% of the room charge for **short-term rentals or**
12 accommodations in a convention hotel with ~~81-1~~ to 160 rooms.

13 (ii) A rate of 5% of the room charge for accommodations in a
14 convention hotel with more than 160 rooms.

15 (2) Beginning with the state fiscal year 1987, a person
16 engaged in the business of providing accommodations to transient
17 guests in a convention hotel is exempt from the tax imposed by this
18 act for any state fiscal year in which appropriations of the tax
19 collections ~~pursuant to~~**under** this act from that convention hotel
20 have not been made for distributions ~~pursuant to~~**under** section 9
21 that would be received by a qualified local governmental unit from
22 the collections of the tax under this act or section 1207 of the
23 Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207,
24 that the qualified local governmental unit is eligible to receive.

25 Sec. 8. (1) **The convention facility development fund is**
26 **created in the state treasury.** The ~~collections~~**state treasurer**
27 **shall deposit all of the following in the convention facility**
28 **development fund:**

29 (a) **Collections** from the tax imposed by section 4. ~~shall be~~

1 ~~deposited in the state treasury, to the credit of the convention~~
 2 ~~facility development fund, which is hereby created within the state~~
 3 ~~treasury.~~

4 **(b)** Collections from the additional tax imposed under section
 5 1207 of the Michigan liquor control code of 1998, 1998 PA 58, MCL
 6 436.2207. ~~funds~~

7 **(c) Funds** appropriated from the 21st century jobs trust fund
 8 under subsection (4). ~~and amounts~~

9 **(d) Amounts** designated under section 5(b) (iii) of the health and
 10 safety fund act, 1987 PA 264, MCL 141.475. ~~shall also be~~
 11 ~~deposited to the credit of the convention facility development~~
 12 ~~fund.~~

13 (2) The convention facility development fund shall be
 14 distributed for certain state purposes and to local governmental
 15 units for use only for 1 or more of the following purposes:

16 (a) Acquiring, constructing, improving, enlarging, renewing,
 17 replacing, or leasing a convention facility.

18 (b) In conjunction with an activity listed in subdivision (a),
 19 repairing, furnishing, and equipping the convention facility.

20 (c) Refinancing an activity listed in subdivision (a) or (b).

21 (d) General fund expenditures.

22 (e) In the case of a local governmental unit that is a
 23 metropolitan authority, for any purpose authorized under the
 24 regional convention facility authority act, 2008 PA 554, MCL
 25 141.1351 to 141.1379.

26 **(f) Programs to assist with or provide child care.**

27 **(g) Housing activities.**

28 (3) A contract made by a local governmental unit for the
 29 purposes included in subsection (2) (a) or (b) concerning a

1 convention facility funded by distributions ~~pursuant to~~**under**
2 section 9 ~~shall~~**must** contain a fixed price or guaranteed maximum
3 price for the total cost of activities conducted for these purposes
4 pursuant to that contract.

5 (4) For the fiscal year ending September 30, 2010,
6 \$9,000,000.00 is appropriated from the 21st century jobs trust fund
7 ~~described in section 2 of the Michigan trust fund act, 2000 PA 489,~~
8 ~~MCL 12.252,~~ and transferred to and deposited in the convention
9 facility development fund for purposes authorized under subsection
10 (2) (e).

11 (5) **As used in this section, "21st century jobs trust fund"**
12 **means that term as defined in section 2 of the Michigan trust fund**
13 **act, 2000 PA 489, MCL 12.252.**

14 Sec. 9. (1) Except as provided in subsection (5) or (6), on or
15 before the thirtieth day of each month, the state treasurer shall
16 make a distribution from the convention facility development fund
17 to a qualified local governmental unit. The distribution ~~shall~~**must**
18 be an amount equal to the sum of the collections from the excise
19 tax levied for accommodations under this act for the previous month
20 from the convention hotels **and short-term rentals** in the county in
21 which the convention facility is or is to be located and in any
22 county in which convention hotels are located that is contiguous to
23 the county in which the convention facility is located, or is to be
24 located, the additional tax imposed under section 1207 of the
25 Michigan liquor control code of 1998, 1998 PA 58, MCL 436.2207, for
26 the previous month received in the fund, and any distribution
27 received under section 5(b) (iii) of the health and safety fund act,
28 1987 PA 264, MCL 141.475, and from the 21st century jobs trust fund
29 under section 8(4). However, distributions for any state fiscal

1 year to any qualified local governmental unit under this section
2 ~~shall~~**must** not exceed an amount equal to the amount pledged,
3 assigned, or dedicated by the qualified local governmental unit for
4 the payment during that state fiscal year of bonds, obligations, or
5 other evidences of indebtedness incurred pursuant to this act or
6 the regional convention facility authority act, 2008 PA 554, MCL
7 141.1351 to 141.1379, other than payments under a public-private
8 arrangement, plus any amount necessary to maintain a fully funded
9 debt reserve or other reserves intended to secure the principal and
10 interest on the bonds, obligations, or other evidences of
11 indebtedness as contained in the resolution or ordinance
12 authorizing their issuance.

13 (2) Notwithstanding the distributions provided by subsection
14 (1), if a local governmental unit becomes a qualified local
15 governmental unit entitled to receive distributions from the tax
16 imposed under section 1207 of the Michigan liquor control code of
17 1998, 1998 PA 58, MCL 436.2207, or from the tax imposed by this act
18 in counties in which the convention facility is located or in a
19 county in which a convention hotel is located that is contiguous to
20 the county in which the convention facility is located, and from
21 any distribution under section 5(b) (iii) of the health and safety
22 fund act, 1987 PA 264, MCL 141.475, no other qualified local
23 governmental unit is entitled to distributions ~~pursuant to~~**under**
24 this section for which that qualified local governmental unit has
25 previously become entitled, until ~~such time as that~~**the** qualified
26 local governmental unit ownership or leasehold interest described
27 in subsection (3) is transferred to another local governmental
28 unit. If that transfer renders the transferee a qualified local
29 governmental unit, the transferee is, immediately ~~upon~~**on** that

1 transfer, entitled to the distributions to a qualified local
2 governmental unit provided in subsection (1) and the priority
3 provided to a qualified local governmental unit in this subsection,
4 notwithstanding that the amount of the distributions may increase
5 as a result of that transfer. A transfer under this subsection
6 includes a transfer that occurs on a transfer date under the
7 regional convention facility authority act, 2008 PA 554, MCL
8 141.1351 to 141.1379.

9 (3) Notwithstanding the provisions of subsection (2), if the
10 transfer and lease of a qualified convention facility to an
11 authority is disapproved and the authority is dissolved under
12 section 19(1) of the regional convention facility authority act,
13 2008 PA 554, MCL 141.1369, then a distribution from the convention
14 facility development fund of proceeds received under section
15 5(b) (iii) of the health and safety fund act, 1987 PA 264, MCL
16 141.475, ~~shall~~**must** be made to a building authority for a county
17 having a population of not less than 1,000,000 and not more than
18 1,500,000 according to the most recent federal decennial census for
19 the purpose of developing, leasing, or operating a convention
20 facility as defined in this act and no other qualified local
21 governmental unit is entitled to any distribution of proceeds
22 received under section 5(b) (iii) of the health and safety fund act,
23 1987 PA 264, MCL 141.475.

24 (4) As used in this act, "qualified local governmental unit"
25 means, except as otherwise provided in this subsection, a city,
26 village, township, county, or authority that is located in, or
27 includes within its territory or jurisdiction, a county in which
28 convention hotels **or short-term rentals** are located and that either
29 is the owner or lessee of a convention facility with 350,000 square

1 feet or more of total exhibit space on July 30, 1985 or, if such a
2 convention facility does not exist, will be the owner or lessee of
3 a convention facility with 350,000 square feet or more of total
4 exhibit space through the application of distributions under this
5 section to the purchase or lease of a convention facility.
6 Qualified local governmental unit includes a metropolitan authority
7 that leases, develops, operates, and maintains a qualified
8 convention facility under the regional convention facility
9 authority act, 2008 PA 554, MCL 141.1351 to 141.1379. If the
10 transfer and lease of a qualified convention facility to an
11 authority is disapproved and the authority is dissolved under
12 section 19(1) of the regional convention facility authority act,
13 2008 PA 554, MCL 141.1369, then for purposes of any distribution
14 from the convention facility development of proceeds under section
15 5(b) (iii) of the health and safety fund act, 1987 PA 264, MCL
16 141.475, qualified local governmental unit means a building
17 authority for a county having a population of not less than
18 1,000,000 and not more than 1,500,000 according to the most recent
19 federal decennial census.

20 (5) Before the 2015-2016 fiscal year, collections from the
21 excise tax levied for accommodations under this act and collections
22 from the tax imposed under section 1207 of the Michigan liquor
23 control code of 1998, 1998 PA 58, MCL 436.2207, shall not be paid
24 to a qualified local governmental unit for the repayment of bonds,
25 obligations, or other evidences of indebtedness incurred after
26 2007.

27 (6) Beginning in fiscal year 2015-2016, and each fiscal year
28 thereafter, if a transfer and a lease of a qualified convention
29 facility is disapproved and an authority is dissolved under section

1 19(1) of the regional convention facility authority act, 2008 PA
2 554, MCL 141.1369, then the collections from the excise tax levied
3 for accommodations under this act ~~shall~~**must** be distributed to each
4 county in which it was levied based on the amount collected in that
5 county. However, if an excise tax for accommodations is levied in a
6 qualified city at a rate greater than the rate levied in that
7 portion of the county in which the qualified city is not located,
8 the qualified city shall receive the collections of the excise tax
9 for accommodations in an amount equal to the difference between the
10 rate levied in the qualified city and the rate levied in that
11 portion of the county in which the qualified city is not located.
12 The funds described in this subsection are not available for a
13 distribution ~~of~~**under** subsection (1). As used in this subsection,
14 "qualified city" means that term as defined in section 5 of the
15 regional convention facility authority act, 2008 PA 554, MCL
16 141.1355.

17 (7) If a building authority becomes a qualified local
18 governmental unit under subsection (4), collections from
19 distributions under section 5(b) *(iii)* of the health and safety fund
20 act, 1987 PA 264, MCL 141.475, shall be paid by the state treasurer
21 on or before the thirtieth day of each month to that building
22 authority.

23 Sec. 19. The excise tax imposed pursuant to this act ~~shall~~
24 ~~take~~**takes** effect on the first day of the calendar month, but not
25 less than 29 days, after a facility becomes a convention hotel **or a**
26 **short-term rental** as certified by the state treasurer.

27 Enacting section 1. This amendatory act does not take effect
28 unless Senate Bill No. ____ or House Bill No. 5438 (request no.
29 03372'23 **) of the 102nd Legislature is enacted into law.