

# HOUSE BILL NO. 5445

February 13, 2024, Introduced by Reps. Arbit, Brixie, McKinney, Paiz, Hill, Byrnes, Rheingans, Scott, 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 1980 PA 383, entitled "Convention and tourism marketing act," by amending the title and sections 2, 3, 4, and 8 (MCL 141.882, 141.883, 141.884, and 141.888), the title and section 2 as amended by 2018 PA 625.

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

- 1 TITLE
- 2 An act relating to the promotion of convention business and
- 3 tourism in this state and the major metropolitan areas of this

1 state; to provide for tourism and convention marketing programs in  
 2 major metropolitan areas through nonprofit convention and tourist  
 3 bureaus; **to allow certain activities as part of tourism and**  
 4 **convention marketing programs;** to provide for imposition and  
 5 collection of assessments on the owners of transient facilities,  
 6 **including short-term rentals,** to support tourism and convention  
 7 marketing programs; to provide for the disbursement of the  
 8 assessments; to establish the oversight functions and duties of  
 9 certain state departments, state agencies, and state employees; and  
 10 to prescribe remedies and penalties.

11 Sec. 2. As used in this act:

12 (a) **"Assessment" means the amount levied against an owner of a**  
 13 **transient facility within an assessment district computed by**  
 14 **application of the applicable percentage against aggregate room**  
 15 **charges with respect to that transient facility during the**  
 16 **applicable assessment period.**

17 (b) ~~(a)~~—"Assessment district" means a county having a  
 18 population of more than 1,500,000 and, if so designated by the  
 19 bureau in the marketing program notice, any county or counties  
 20 contiguous with it.

21 (c) ~~(b)~~—"Assessment revenues" means the money derived from the  
 22 assessment, including any interest and penalties on the assessment,  
 23 imposed by this act.

24 (d) ~~(c)~~—"Board" means the board of directors of a bureau.

25 (e) ~~(d)~~—"Bureau" means a nonprofit corporation incorporated  
 26 under the laws of this state existing solely to promote convention  
 27 business and tourism within this state or a portion of this state,  
 28 and which complies with all of the following:

29 (i) Has not less than 400 dues paying members, of which not

1 less than 50 are owners of transient facilities.

2 (ii) Has been actively engaged in promoting convention business  
3 and tourism for not less than 10 years.

4 (iii) Has a board of directors elected by its members.

5 (iv) Has a full-time chief operating officer and not less than  
6 10 full-time employees.

7 (v) Is a member of 1 or more nationally recognized  
8 associations of travel and convention bureaus.

9 (f) ~~(e)~~—"Director" means the president of the Michigan  
10 strategic fund or ~~his or her~~ **the president of the Michigan**  
11 **strategic fund's** designee.

12 (g) ~~(f)~~—"Marketing program" means a program established by a  
13 bureau to develop, encourage, solicit, and promote convention  
14 business and tourism within this state or a portion of this state  
15 within which the bureau operates. The encouragement and promotion  
16 of convention business and tourism ~~shall include~~ **includes** any  
17 service, function, or activity, whether or not performed,  
18 sponsored, or advertised by a bureau, ~~which~~ **that** intends to attract  
19 transient guests to the assessment district.

20 (h) ~~(g)~~—"Marketing program notice" means the notice described  
21 in section 3.

22 (i) ~~(h)~~—"Master plan" means the comprehensive, long-range  
23 master plan developed by the Michigan travel commission and the  
24 travel bureau under section 2c of the Michigan tourism policy act,  
25 1945 PA 106, MCL 2.102c.

26 (j) ~~(i)~~—"Owner" means the owner of a transient facility  
27 located within the assessment district or, if the transient  
28 facility is operated or managed by a person other than the owner,  
29 then the operator or manager of that transient facility.

1           (k) ~~(j)~~ "Room" means a room or other space provided for  
 2 sleeping, including the furnishings and other accessories in the  
 3 room. **Room includes, but is not limited to, a dwelling offered as a**  
 4 **short-term rental.**

5           ~~(k) "Assessment" means the amount levied against an owner of a~~  
 6 ~~transient facility within an assessment district computed by~~  
 7 ~~application of the applicable percentage against aggregate room~~  
 8 ~~charges with respect to that transient facility during the~~  
 9 ~~applicable assessment period.~~

10           (l) "Room charge" means the charge imposed for the use or  
 11 occupancy of a room, excluding charges for food, beverages, state  
 12 use tax, telephone service or like services paid in connection with  
 13 the charge, and reimbursement of the assessment imposed by this  
 14 act. **For a short-term rental, room charge means the occupancy**  
 15 **charge as that term is defined in section 2 of the short-term**  
 16 **rental regulation act.**

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

19           (n) "State use tax" means the tax levied under the use tax  
 20 act, 1937 PA 94, MCL 205.91 to 205.111.

21           (o) ~~(m)~~ "Transient facility" means **either of the following**  
 22 **facilities, except transient facility does not include a hospital**  
 23 **or nursing home:**

24           (i) **A building** ~~which~~ **that** contains ~~35-1~~ or more rooms used in  
 25 the business of providing dwelling, lodging, or sleeping to  
 26 transient guests, whether or not membership is required for the use  
 27 of the rooms. ~~A transient facility shall not include a hospital or~~  
 28 ~~nursing home.~~

29           (ii) **A dwelling offered as a short-term rental.**

1           **(p)** ~~(n)~~—"Transient guest" means a natural person who occupies  
 2 a room in a transient facility for less than 30 consecutive days  
 3 regardless of who pays the room charge.

4           **(q)** ~~(o)~~—"Travel bureau" means the Michigan travel bureau  
 5 created under section 2a of the Michigan tourism policy act, 1945  
 6 PA 106, MCL 2.102a, **and renamed Travel Michigan by Executive**  
 7 **Reorganization Order No. 1997-1, MCL 2.111.**

8           Sec. 3. (1) A bureau ~~which~~**that** has its principal place of  
 9 business in a county ~~having~~**with** a population of more than  
 10 1,500,000 may file a marketing program notice with the director.  
 11 The notice ~~shall~~**must** state that the bureau proposes to create a  
 12 marketing program under this act and cause an assessment to be  
 13 collected from owners of transient facilities within the assessment  
 14 district to pay the costs of the program.

15           (2) The marketing program notice ~~shall~~**must** describe the  
 16 structure, history, membership, and activities of the bureau in  
 17 sufficient detail to enable the director to determine if the bureau  
 18 satisfies all of the requirements of section ~~2(d)~~**2(e)**.

19           (3) The marketing program notice ~~shall~~**must** describe the  
 20 marketing program to be implemented by the bureau with the  
 21 assessment revenues, specify the amount of the assessment proposed  
 22 to be levied which ~~shall~~**must** not exceed 2% of the room charges in  
 23 the applicable payment period, and the county or counties  
 24 comprising the assessment district. A county ~~shall~~**must** not be  
 25 included in the marketing program notice and the assessment  
 26 district specified in the notice if on the date the notice is  
 27 mailed the county is collecting a tax ~~pursuant to Act No. 263 of~~  
 28 ~~the Public Acts of 1974, being sections 141.861 to 141.867 of the~~  
 29 ~~Michigan Compiled Laws~~**under 1974 PA 263, MCL 141.861 to 141.867.**

1           (4) Simultaneously with the filing of the marketing program  
2 notice with the director, the bureau shall cause a copy of the  
3 notice to be mailed by registered or certified mail to each owner  
4 of a transient facility located in the assessment district  
5 specified in the notice in care of the respective transient  
6 facility. In assembling the list of owners to whom the notices  
7 ~~shall~~**must** be mailed, the bureau shall use any data ~~which is~~  
8 reasonably available to the bureau, **including, but not limited to,**  
9 **the short-term rental database as that term is defined in section 2**  
10 **of the short-term rental regulation act.**

11           (5) The form of the marketing program notice, in addition to  
12 the information required by subsections (1), (2), and (3), ~~shall~~  
13 **must** set forth the right of referendum prescribed in subsection  
14 (6).

15           (6) The assessment set forth in the notice ~~shall become~~  
16 **becomes** effective on the first day of the month following the  
17 expiration of 40 days after the date the notice is mailed, unless  
18 the director, within the 40-day period, receives written requests  
19 for a referendum by owners of transient facilities located within  
20 the assessment district representing not less than 40% of the total  
21 number of owners or not less than 40% of the total number of rooms  
22 in all the transient facilities. **For purposes of this subsection**  
23 **and subsection (7), a dwelling offered as a short-term rental is**  
24 **considered 1 room.**

25           (7) If the director receives referendum requests in the time  
26 and number set forth in subsection (6), the director shall cause a  
27 written referendum to be held by mail or in person, as the director  
28 chooses, among all owners of transient facilities in the assessment  
29 district within 20 days after the expiration of the 40-day period.

1 For the purposes of the referendum, each owner of a transient  
2 facility ~~shall have~~ **has** 1 vote for each room in each of the owner's  
3 transient facilities within the assessment district. If a majority  
4 of votes actually cast at the referendum approve the assessment, as  
5 proposed by the bureau in its marketing program notice, the  
6 assessment ~~shall become~~ **becomes** effective as to all owners of  
7 transient facilities located in the assessment district on the  
8 first day of the month following expiration of 30 days after  
9 certification of the results of the referendum by the director. If  
10 a majority of votes actually cast at the referendum are opposed to  
11 the assessment, the assessment ~~shall~~ **does** not become effective. If  
12 the assessment is defeated by the referendum, the bureau may file  
13 and serve a new notice of intention if at least 60 days have  
14 elapsed from the date of certification of the results of the  
15 earlier referendum. Not more than 2 referenda or notices may be  
16 held ~~pursuant to~~ **or filed under** this subsection ~~or filed pursuant~~  
17 ~~to this section~~ in any 1 calendar year. Only 1 assessment may be in  
18 existence in an assessment district, or any part of an assessment  
19 district, at any 1 time.

20 Sec. 4. A marketing program may include ~~all or any~~ **1 or more**  
21 of the following:

22 (a) Provisions for establishing and paying the costs of  
23 advertising, marketing, and promotional programs to encourage  
24 convention business and tourism in the assessment district.

25 (b) Provisions for assisting transient facilities within the  
26 assessment district in promoting convention business and tourism.

27 (c) Provisions for the acquisition of personal property  
28 considered appropriate by the bureau in furtherance of the purposes  
29 of the marketing program.

1 (d) Provisions for the hiring of and payment for personnel  
2 employed by the bureau to implement the marketing program.

3 (e) Provisions for contracting with organizations, agencies,  
4 or persons for carrying out activities in furtherance of the  
5 purposes of the marketing program.

6 (f) Programs for establishing and paying the costs of research  
7 designed to encourage convention business and tourism in the  
8 assessment district.

9 **(g) Provisions or programs to assist with or provide child**  
10 **care.**

11 **(h) Housing activities.**

12 **(i) Provisions clarifying the assessment on room charges for**  
13 **short-term rentals.**

14 Sec. 8. (1) At any time 2 years or more after the effective  
15 date of an assessment, and ~~upon~~**on** the written request of owners of  
16 transient facilities located within the assessment district  
17 representing not less than 40% of the total number of owners or not  
18 less than 40% of the total number of rooms in all the transient  
19 facilities, the bureau shall conduct a referendum on whether the  
20 assessment shall be discontinued. The bureau shall cause a written  
21 referendum to be held by mail or in person, as the bureau chooses,  
22 among all owners of transient facilities in the assessment district  
23 within 60 days of the receipt of the requests. For the purposes of  
24 the referendum, each owner ~~shall have~~**has** 1 vote for each room in  
25 each of the owner's transient facilities within the assessment  
26 district. If a majority of the total votes eligible to be cast at  
27 the referendum supports discontinuance of the assessment, the  
28 assessment ~~shall be~~**is** discontinued on the first day of the month  
29 following expiration of 90 days after the certification of the



1 results of the referendum by the bureau. **For purposes of this**  
2 **subsection, a dwelling offered as a short-term rental is considered**  
3 **1 room.**

4 (2) Passage of a resolution discontinuing the assessment ~~shall~~  
5 **does** not prevent a bureau from proposing a new marketing program  
6 notice during or after the 90-day period, in which case the  
7 procedures set forth in section 3 ~~shall~~**must** be followed.

8 (3) If a referendum is conducted under subsection (1), and if  
9 a resolution to discontinue the assessment is not adopted, a  
10 further referendum on the discontinuation of that assessment ~~shall~~  
11 **must** not be held for a period of 2 years.

12 Enacting section 1. This amendatory act does not take effect  
13 unless Senate Bill No. \_\_\_\_ or House Bill No. 5438 (request no.  
14 03372'23 \*\*) of the 102nd Legislature is enacted into law.