

HOUSE BILL NO. 5446

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

A bill to amend 2007 PA 25, entitled "Convention and tourism promotion act," by amending the title and sections 2, 3, 4, and 8 (MCL 141.1322, 141.1323, 141.1324, and 141.1328), the title and section 2 as amended by 2018 PA 464.

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 certain metropolitan areas of this state;

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

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) "Assessment district" means a municipality or a
 18 combination of municipalities as described in a marketing program.

19 (c) "Assessment revenues" means the money derived from the
 20 assessment, including any interest and penalties on the assessment,
 21 imposed by this act.

22 (d) "Board" means the board of directors of a bureau.

23 (e) "Bureau" means a nonprofit corporation incorporated under
 24 the laws of this state existing solely to promote convention
 25 business and tourism within this state or a portion of this state
 26 and that complies with all of the following:

27 (i) Has not less than 200 dues-paying members, of which not
 28 fewer than 25 are owners of transient facilities.

29 (ii) Has been actively engaged in promoting convention business

1 and tourism for not less than 10 years.

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

3 (iv) Has a full-time chief executive officer and not fewer than
4 14 full-time equivalent employees.

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

7 (vi) Regularly books conventions at the community's largest
8 convention center, which generate hotel room nights throughout the
9 surrounding area.

10 (f) "Director" means the chief executive officer of the
11 Michigan economic development corporation or ~~his or her~~ **the chief**
12 **executive officer of the Michigan economic development**
13 **corporation's** designee.

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

22 (h) "Marketing program notice" means the notice described in
23 section 3.

24 (i) "Master plan" means the comprehensive, long-range master
25 plan developed by the Michigan travel commission and the travel
26 bureau under section 2c of the Michigan tourism policy act, 1945 PA
27 106, MCL 2.102c.

28 (j) "Municipality" means a city, county, village, or township.

29 (k) "Owner" means the owner of a transient facility located

1 within the assessment district or, if the transient facility is
 2 operated or managed by a person other than the owner, then the
 3 operator or manager of that transient facility.

4 (l)—"Room" means a room or other space provided for sleeping,
 5 including the furnishings and other accessories in the room. **Room**
 6 **includes, but is not limited to, a dwelling offered as a short-term**
 7 **rental.**

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

15 (n) "Short-term rental" means that term as defined in section
 16 2 of the short-term rental regulation act.

17 (o) ~~(n)~~—"Transient facility" means **either of the following**
 18 **facilities, except transient facility does not include a hospital**
 19 **or nursing home:**

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

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

26 (p) ~~(o)~~—"Transient guest" means a natural person who occupies
 27 a room in a transient facility for less than 30 consecutive days
 28 regardless of who pays the room charge.

29 (q) ~~(p)~~—"Travel bureau" means the Michigan travel bureau

1 created under section 2a of the Michigan tourism policy act, 1945
 2 PA 106, MCL 2.102a, **and renamed Travel Michigan by Executive**
 3 **Reorganization Order No. 1997-1, MCL 2.111.**

4 (r) ~~(q)~~—"Use tax" or "state use tax" means the tax imposed
 5 under the use tax act, 1937 PA 94, MCL 205.91 to 205.111.

6 Sec. 3. (1) A bureau that has its principal place of business
 7 in an assessment district may file a marketing program notice with
 8 the director. The notice ~~shall~~**must** state that the bureau proposes
 9 to create a marketing program under this act and cause an
 10 assessment to be collected from owners of transient facilities
 11 within the assessment district to pay the costs of the program.

12 (2) The marketing program notice ~~shall~~**must** describe the
 13 structure, history, membership, and activities of the bureau in
 14 sufficient detail to enable the director to determine whether the
 15 bureau satisfies all of the requirements of section 2(e).

16 (3) The marketing program notice ~~shall~~**must** describe the
 17 marketing program to be implemented by the bureau with the
 18 assessment revenues and specify the amount of the assessment
 19 proposed to be levied, which ~~shall~~**must** not exceed 2% of the room
 20 charges in the applicable payment period, and the municipality or
 21 municipalities composing the assessment district. In an assessment
 22 district composed of more than 1 municipality, the assessment may
 23 be different in each of the municipalities that compose the
 24 assessment district.

25 (4) A bureau may impose an assessment not to exceed 2% of the
 26 room charges in the applicable payment period if either of the
 27 following conditions is met:

28 (a) The assessment district includes a municipality having a
 29 population of more than 570,000 and less than 775,000.

1 (b) The assessment district includes a municipality within
2 which is levied a 4% marketing assessment under **the community**
3 **convention or tourism marketing act**, 1980 PA 395, MCL 141.871 to
4 141.880.

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

15 (6) The form of the marketing program notice, in addition to
16 the information required by subsections (1), (2), and (3), ~~shall~~
17 **must** set forth the right of referendum prescribed in subsection
18 (7).

19 (7) Except as otherwise provided in subsection (9), the
20 assessment set forth in the notice ~~shall become~~**becomes** effective
21 on the first day of the month following the expiration of 40 days
22 after the date the notice is mailed, unless the director, within
23 the 40-day period, receives written requests for a referendum by
24 owners of transient facilities located within the assessment
25 district representing not less than 40% of the total number of
26 owners or not less than 40% of the total number of rooms in all of
27 the transient facilities. **For purposes of this subsection and**
28 **subsection (8), a dwelling offered as a short-term rental is**
29 **considered 1 room.**

1 (8) If the director receives referendum requests in the time
2 and number set forth in subsection (7), the director shall cause a
3 written referendum to be held by mail or in person, as the director
4 chooses, among all owners of transient facilities in the assessment
5 district within 20 days after the expiration of the 40-day period.
6 For the purposes of the referendum, each owner of a transient
7 facility ~~shall have~~ **has** 1 vote for each room in each of the owner's
8 transient facilities within the assessment district. If a majority
9 of votes actually cast at the referendum approve the assessment, as
10 proposed by the bureau in its marketing program notice, the
11 assessment ~~shall become~~ **becomes** effective, except as otherwise
12 provided in subsection (9), as to all owners of transient
13 facilities located in the assessment district on the first day of
14 the month following expiration of 30 days after certification of
15 the results of the referendum by the director. If a majority of
16 votes actually cast at the referendum are opposed to the
17 assessment, the assessment ~~shall~~ **does** not become effective. If the
18 assessment is defeated by the referendum, the bureau may file and
19 serve a new notice of intention if at least 60 days have elapsed
20 from the date of certification of the results of the earlier
21 referendum. Not more than 2 referenda or notices may be held
22 ~~pursuant to~~ **or filed under** this subsection ~~or filed pursuant to~~
23 ~~this section~~ in any 1 calendar year. Only 1 assessment under this
24 act may be in existence in an assessment district, or any part of
25 an assessment district, at any 1 time.

26 (9) The assessment described in this act ~~shall~~ **is** not be
27 effective before January 1, 2007.

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

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

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

6 (c) Provisions for the acquisition of personal property
7 considered appropriate by the bureau in furtherance of the purposes
8 of the marketing program.

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

11 (e) Provisions for contracting with organizations, agencies,
12 or persons for carrying out activities in furtherance of the
13 purposes of the marketing program.

14 (f) Programs for establishing and paying the costs of research
15 designed to encourage convention business and tourism in the
16 assessment district.

17 **(g) Provisions or programs to assist with or provide child**
18 **care.**

19 **(h) Housing activities.**

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

22 Sec. 8. (1) At any time 2 years or more after the effective
23 date of an assessment, and ~~upon~~**on** the written request of owners of
24 transient facilities located within the assessment district
25 representing not less than 40% of the total number of owners or not
26 less than 40% of the total number of rooms in all the transient
27 facilities, the bureau shall conduct a referendum on whether the
28 assessment shall be discontinued. The bureau shall cause a written
29 referendum to be held by mail or in person, as the bureau chooses,

1 among all owners of transient facilities in the assessment district
2 within 60 days of the receipt of the requests. For the purposes of
3 the referendum, each owner ~~shall have~~ **has** 1 vote for each room in
4 each of the owner's transient facilities within the assessment
5 district. If a majority of the total votes eligible to be cast at
6 the referendum supports discontinuance of the assessment, the
7 assessment ~~shall be~~ **is** discontinued on the first day of the month
8 following expiration of 90 days after the certification of the
9 results of the referendum by the bureau. **For purposes of this**
10 **subsection, a dwelling offered as a short-term rental is considered**
11 **1 room.**

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

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

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