SUBSTITUTE FOR

HOUSE BILL NO. 5048

A bill to amend 1974 PA 263, entitled

"An act to permit counties to impose and collect an excise tax on persons engaged in the business of providing rooms for dwelling, lodging, or sleeping purposes to transient guests; to provide for the disposition of the revenues thereof; and to prescribe penalties,"

by amending the title and sections 1, 2, 3, 4, 6, and 7 (MCL 141.861, 141.862, 141.863, 141.864, 141.866, and 141.867), section 2 as amended by 2004 PA 118, section 4 as amended by 2014 PA 284, and section 7 as amended by 1989 PA 13, and by adding section 2a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

TITLE

An act to permit counties **and local units of government** to impose and collect an excise tax on persons engaged in the business of providing rooms for dwelling, lodging, or sleeping purposes to transient guests; to provide for the disposition of the ~~revenues thereof;~~ **proceeds of the excise tax**; and to prescribe penalties.

Sec. 1. As used in this act:

(a) "Accommodations" means the room or other space provided for sleeping, including furnishings and other accessories ~~therein.~~ **in the room or other space.** Accommodations do not include food and beverages.

(b) "Administrator" means the official designated by the county **or local unit of government** to collect the **excise** tax and to administer and enforce the ordinance.

(c) "Convention and entertainment facilities" means all, ~~or~~ any part, or any combination of convention halls, auditoriums, stadiums, music halls, arenas, **aquariums**, meeting rooms, exhibit areas, and related public areas.

(d) Excise tax" means the excise tax levied by a county or local unit of government under this act.

(e) "Local governing body" means the body in which the legislative powers of a local unit of government are vested.

(f) "Local unit of government" means a city or township.

(g) "Ordinance" means an ordinance enacted by a county or local unit of government under this act to levy, assess, and collect an excise tax.

(h) ~~(d)~~ "Person" means a natural person, partnership, fiduciary, association, corporation, or other entity.

(i) ~~(e)~~ "Revenues" means the income derived from the **excise** tax, plus interest and penalties imposed by this act, levied and assessed under an ordinance adopted pursuant to this act.

(j) ~~(f)~~ "Transient guest" means a natural person staying less than 30 consecutive days.

Sec. 2. (1) The county board of commissioners of a county ~~having~~ **that has** a population of less than 600,000 ~~persons,~~ and ~~having~~ **that has** a city **with a population** of ~~at least~~ **not less than** 40,000 ~~population~~ may enact an ordinance to levy, assess, and collect an excise tax from all persons engaged in the business of providing rooms for dwelling, lodging, or sleeping purposes, except in hospitals or nursing homes, to transient guests, whether or not membership is required for the use of the accommodations.

(2) If a county meets the requirements of subsection (1) on the date it enacts an ordinance under this act and, after the 1990 decennial census, the county has a population of less than 120,000 ~~persons~~ and has a city with a population of 35,000 or more, ~~persons,~~ that county may continue to levy, assess, and collect the excise tax ~~under this act~~ until October 1, 1991.

(3) If a county described in subsection (2) has any accommodations located within the county that are also located within the boundaries of a city in which the majority of the population of that city reside in an adjoining county, then the accommodation is exempt from the **excise** tax ~~under this act.~~**levied by the county.**

(4) If a county described in subsection (2) has any accommodations located within the county that are also located within the boundaries of a city with a population of less than 5,000 persons, then the accommodation is exempt from **the excise** tax ~~under this act.~~**levied by the county.**

(5) ~~The~~ **An** ordinance ~~provided by this act~~ **described in subsection (1)** may be amended or repealed in the same manner as it was adopted.

(6) The **excise** tax imposed ~~pursuant to this act shall~~ **by a county must** be at a rate of not more than 5% of the total charge for accommodations subject to this act.

(7) If a county meets the requirements of subsection (1) on the date it enacts an ordinance, ~~under this act,~~ the county may continue to levy, assess, and collect the excise tax. ~~under this act.~~

Sec. 2a. (1) Subject to subsection (4), the local governing body of a local unit of government may enact an ordinance to levy, assess, and collect an excise tax from all persons engaged in the business of providing rooms for dwelling, lodging, or sleeping purposes, except in hospitals or nursing homes, to transient guests, whether or not membership is required for the use of the accommodations.

(2) An ordinance described in subsection (1) may be amended or repealed in the same manner as it was adopted.

(3) The excise tax imposed by a local unit of government must be at a rate of not more than 2% of the total charge for accommodations subject to this act.

(4) The local governing body of a local unit of government shall not levy an excise tax unless a majority of the qualified electors of that local unit of government voting on the question approve the levy of the excise tax in compliance with section 31 of article IX of the state constitution of 1963.

Sec. 3. A county **or local unit of government** levying ~~a~~ **an excise** tax ~~pursuant to an ordinance adopted under this act~~ shall provide in the ordinance for **all of the following**:

(a) The effective date of the ordinance, which ~~shall be in accordance~~ **must comply** with section 5.

(b) The rate of the **excise** tax to be imposed.

(c) The rate and manner of the imposition of interest and penalties for delinquency in payment of **excise** taxes or other violations of the ordinance. The interest imposed on delinquency in payment of the **excise** tax ~~shall~~ **must** not be more than 1% per month or fraction ~~thereof~~ **of a month** of the unpaid **excise** tax after the due date ~~thereof~~ until paid. The penalty for delinquency in payment of the **excise** tax when due or other violations of the ordinance may be in addition to the interest but ~~shall~~ **must** not be more than 5% of the amount of the unpaid **excise** tax per month or fraction ~~thereof~~ **of a month** after the due date ~~thereof~~ until paid. However, the penalty ~~shall~~ **must** not exceed 25% of the unpaid **excise** tax.

(d) The determination and allowance of abatements and refunds.

(e) The designation of the administrator of the tax and methods of collection.

Sec. 4. A county **or local unit of government** levying ~~a~~ **an excise** tax ~~under this act~~ may provide in the ordinance for 1 or more of the following:

(a) The adoption and enforcement of rules to apply, interpret, effectuate, and administer the ordinance and the purposes of the **excise** tax.

(b) The prescribing and furnishing to taxpayers of forms, instructions, manuals, and other materials necessary for indorsement of the **excise** tax and the auditing of tax returns.

(c) The examination by the administrator or ~~his~~ **the administrator's** agent of the books and records of a taxpayer for purposes of determining the correctness of a tax return or information filed, or the determination of any tax liability under this act.

(d) The imposition of a fine of not more than $500.00, or imprisonment of not more than 90 days, or both for violation of the ordinance.

(e) If the **excise** tax ~~imposed under this act~~ remains unpaid for more than 90 days, the treasurer of the county may collect the tax in the same manner as a delinquent special assessment, along with any associated interest, fees, and costs, under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

Sec. 6. **(1)** The **excise** taxes ~~levied under this act shall be~~ **are** in addition to any other taxes, charges, or fees.

(2) The excise taxes levied by a local unit of government are in addition to any excise taxes levied by a county.

(3) The excise taxes levied by a county are in addition to any excise taxes levied by a local unit of government.

Sec. 7. The revenues derived from the **excise** taxes ~~imposed pursuant to this act shall~~ **must** be deposited in a special fund to be used by the county, **by the local unit of government**, or by an authority that is organized pursuant to state law, together with other available funds only to pay **for 1 or more of the following:**

(a) The cost of administration and enforcement of the ordinance.

(b) The financing of the acquisition, construction, improvement, enlargement, repair, or maintenance of convention and entertainment facilities, including, except as provided in subdivision (e), the payment of principal and interest, when due, on bonds or other evidence of indebtedness issued by the county **or local unit of government** for convention and entertainment facilities.

(c) Except as provided in subdivision (e), current or future annual rental payable by the county **or local unit of government** to an authority organized pursuant to state law for the purpose of acquiring, constructing, improving, enlarging, repairing, or maintaining the convention and entertainment facilities and leasing them to the county **or local unit of government.**

(d) The promotion and encouragement of tourist and convention business in the county **or local unit of government.**

(e) The principal and interest, when due, on bonds or other evidence of indebtedness issued by or on behalf of the county for the purpose of financing the construction of a museum, or the current or future rental payable by the county to an authority organized pursuant to state law for the purpose of constructing a museum and leasing it to the county, only if the museum is located in a city with a population of 180,000 or more.