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REGIONAL TOURISM MARKETING ACT

House Bills 4477 and 4478
Sponsor: Rep. Pat Gagliardi
Committee: Taxation

Complete to 4-18-89

A SUMMARY OF HOUSE BILLS 4477 AND 4478 AS INTRODUCED 3-20-89

House Bill 4477 would create the Regional Tourism Marketing Act, under which a regional marketing organization that had been operating for ten or more years in a region composed of 15 counties could levy a monthly assessment of up to one percent on room charges to fund a tourism marketing program. (After two years, an assessment of up to two percent could be levied.) The assessment would be levied against facilities with ten or more rooms for sleeping, although facilities with fewer rooms could be voluntarily subject to the assessment. (The term "room" would include a condominium or time-sharing unit used by transient guests; that is, guests staying for less than 30 consecutive days.) House Bill 4478 would make complementary amendments to the Community Convention or Tourism Marketing Act (MCL 141.873 and 141.875).

The process for establishing a tourism marketing program under House Bill 4477 is as follows. The regional marketing organization would have to notify the director of the Department of Commerce of its intention to establish a program, explaining the nature of the program and the size of the assessment on room charges. Those who would be subject to the assessment would also have to be notified. The director of the Department of Commerce would have 30 days to approve or disapprove the proposal. (Disapproval could only be based on a proposal's failure to meet the requirements of this bill.) Within 40 days after an approval, the director would have to conduct a written referendum, by mail or in person, among the businesses to be assessed on a one room-one vote basis. If the proposal was approved at referendum, the program and assessment would take effect on the first day of the month that was 30 days after certification of the referendum. If affected businesses rejected the proposal, a new proposal could be submitted 60 days later. Once a tourism marketing program had been in existence for two years, the organization could file an amended program and specify an assessment to be levied of up to two percent on room charges. That proposal would have to go through the same approval process as the original program. Further, once a program had been in operation for two years, at the written request of 40 percent of affected business owners or owners of 40 percent of affected rooms, a referendum would be held on whether the program should be discontinued.

If a business was subject both to an assessment under House Bill 4477 and under the Community Convention or Tourism Marketing Act, the new regional tourism marketing assessment could be paid to the entity collecting the other assessment, and the regional marketing organization would reimburse the other entity for reasonable administrative costs; the costs could be withheld from payments made to the regional organization. House Bill 4478 would amend the Community Convention or Tourism Marketing Act to allow the collection and distribution of the new assessment and the withholding of administrative costs. The two bills, which are tie-barred, would specify that both assessments could be levied against the same businesses.

House Bill 4477 specifies that the assessment revenues would not be state funds, and they could only be spent by the regional marketing organization for activities under its tourism marketing program. The organization's financial statements would have to be audited at least annually by an independent certified public accountant. Copies of the audited financial statement would have to be sent to assessed businesses, and to the director of the Department of Commerce, within 150 days of the close of the organization's fiscal year, along with a detailed report of activities conducted under the marketing program.