

HOUSE BILL No. 4264

February 13, 1991, Introduced by Rep. Kosteva and referred to the Committee on Taxation.

A bill to authorize the imposition of a local excise tax on persons engaged in the business of providing rooms for certain guests in certain municipalities for a period of time; to provide for the levy, assessment, and collection of the tax; to provide for the disposition and appropriation of the tax proceeds; to authorize the creation and administration of local trade show facility development funds; to authorize issuance of debt obligations and provide for certain matters relating to those obligations; and to provide for a referendum.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "trade show facility development act".

3 Sec. 2. As used in this act:

4 (a) "Accommodations" means the room or other space provided
5 to a transient guest for dwelling, lodging, or sleeping in a

1 facility that is not a campground, hospital, nursing home,
2 emergency shelter, or community mental health or substance abuse
3 treatment facility.

4 (b) "Governing body" means the city council, city commis-
5 sion, or other legislative body of a qualified governmental
6 unit.

7 (c) "Obligations" means that term as defined in section 2 of
8 the municipal finance act, Act No. 202 of the Public Acts of
9 1943, being section 131.2 of the Michigan Compiled Laws.

10 (d) "Person" means an individual, partnership, fiduciary,
11 association, corporation, or any other legal entity.

12 (e) "Qualified governmental unit" means any incorporated
13 city within the boundaries of which is located an international
14 airport that during the most recent calendar year had not less
15 than 4,000,000 enplanements.

16 (f) "Room charge" means the charge imposed for the use or
17 occupancy of accommodations, excluding charges for food, bever-
18 ages, telephone services, and any taxes, charges, or assessments
19 imposed on a transient guest pursuant to law.

20 (g) "Taxpayer" means a person required to file a return or
21 to pay a tax pursuant to this act.

22 (h) "Trade show facility" means 1 or more facilities con-
23 taining a minimum of 80,000 square feet that is owned or leased
24 by a qualified governmental unit, is generally available to the
25 public for lease on a short-term basis for holding trade shows,
26 meetings, or exhibits, and is 1 of the following or a contiguous
27 combination of the following:

1 (i) A public hall.

2 (ii) An auditorium.

3 (iii) A meeting room or rooms.

4 (iv) An exhibition area or areas.

5 (i) "Trade show lodging facility" means a hotel, motel, or
6 other facility located within a qualified governmental unit that
7 has a minimum of 50 room accommodations, and may be a facility
8 that requires guest membership.

9 (j) "Transient guest" means an individual staying at a trade
10 show lodging facility for a period of less than 60 consecutive
11 days.

12 Sec. 3. (1) If a majority of the qualified electors of the
13 qualified governmental unit voting on the issue ratify the im-
14 position of the excise tax at a general or special election held
15 after the enactment of this act, a qualified governmental unit,
16 by ordinance, may impose upon a person engaged in the business of
17 providing accommodations to transient guests in a trade show
18 lodging facility an excise tax at the rate of not more than 4% of
19 the charge to each transient guest for a room or rooms. Notice
20 of the submission of the issue to the electors shall be provided
21 as required by law, and the question shall be provided to the
22 electors in substantially the following form:

23 "Shall an excise tax at a rate of _____% of the amount
24 charged for room accommodations be levied upon persons engaged in
25 the business of providing accommodations at a hotel, motel, or
26 other facility that has more than 50 rooms available for
27 accommodation of transient guests within _____ (the qualified

1 governmental unit), as authorized by Act No. _____ of the
2 Public Acts of 19__ to provide funding for the construction and
3 operation of a trade show facility?"

4 Yes ().

5 No ().

6 (2) The result of the vote shall be canvassed by the board
7 of state canvassers.

8 Sec. 4. (1) A qualified governmental unit levying a tax
9 under this act shall provide by ordinance for all of the
10 following:

11 (a) The rate of the tax to be imposed.

12 (b) The rate and manner of the imposition of interest and
13 penalties for delinquency in payment of taxes or other violations
14 of the ordinance. The interest imposed on delinquency in payment
15 of the tax shall not be more than 1% per month of the unpaid tax
16 after the due date of the tax until paid. The penalty for delin-
17 quency in payment of the tax when due or other violations of the
18 ordinance may be in addition to the interest but shall not be
19 more than 5% of the amount of the unpaid tax per month after the
20 due date until paid. However, the penalty shall not exceed 25%
21 of the unpaid tax.

22 (c) The designation of the administrator of the tax and the
23 time and manner of collection.

24 (2) A qualified governmental unit levying a tax under this
25 act may provide by ordinance for any other matter as allowed by
26 law.

1 Sec. 5. The administrator or his or her agent may examine
2 the books, papers, and records of any person or taxpayer for the
3 purpose of verifying the accuracy and completeness of a return
4 filed, or, if no return was filed, to ascertain the tax, penal-
5 ties, or interest due under this act.

6 Sec. 6. Taxpayers shall make and file a return on a form
7 furnished or approved by the administrator.

8 Sec. 7. (1) Upon receiving proceeds of the tax authorized
9 by this act, a local governmental unit shall create and maintain
10 a trade show development fund, and all proceeds of the tax autho-
11 rized by this act shall be deposited in that fund. Proceeds of
12 the trade show development fund shall be used solely for the pur-
13 pose of paying the costs associated with or ancillary to the
14 acquisition, construction, improvement, enlargement, renewal,
15 replacement, repair, furnishing, operating, maintaining, promot-
16 ing, or equipping of a trade show facility, the real property on
17 which the facility is or will be located, on-or off-site improve-
18 ments necessary to construct the trade show facility, and neces-
19 sary police and fire services occasioned by and related to the
20 trade show facility.

21 (2) Before acquiring or constructing a trade show facility,
22 a qualified governmental unit, through its governing body, shall
23 determine if the proposed project is reasonable and if revenues
24 and other funds available will be sufficient to finance and oper-
25 ate the proposed trade show facility and necessary related munic-
26 ipal services.

1 (3) A governing body may authorize the lease or sublease of
2 a proposed trade show facility on terms that the governing body
3 approves if the governing body determines that the lease or sub-
4 lease serves a public purpose.

5 Sec. 8. (1) By resolution of its governing body, a quali-
6 fied governmental unit may authorize and issue obligations to
7 fund acquisition, construction, and related financing costs of a
8 trade show facility, subject to the terms of this act and the
9 municipal finance act, Act No. 202 of the Public Acts of 1943,
10 being sections 131.1 to 139.3 of the Michigan Compiled Laws.

11 (2) By resolution of its governing body, a qualified govern-
12 mental unit may authorize and issue bonds to fund acquisition,
13 construction, and operation of a trade show facility pursuant to
14 the revenue bond act of 1933, Act No. 94 of the Public Acts of
15 1933, being sections 141.101 to 141.140 of the Michigan Compiled
16 Laws.

17 (3) A qualified governmental unit may pledge, for payment of
18 principal and interest on obligations issued under this act, all
19 or a portion of the tax proceeds received under this act, and the
20 pledged tax proceeds may, in the governing body's discretion, be
21 paid before payment of trade show facility operation and mainte-
22 nance expenses.

23 (4) By majority vote of the members of its governing body, a
24 qualified governmental unit may pledge its full faith and credit
25 to pay the principal of the premium, if any, and the interest on
26 obligations authorized by this act or, if authorized by the
27 voters of the qualified governmental unit, pledge its unlimited

1 tax full faith and credit for the payment of the principal of and
2 interest on the bonds. The obligations may be secured by the
3 lease revenues or fees received from the trade show facility or
4 other resources procured by the local governmental unit. The
5 bonds may be issued without publication of a notice of intention
6 to issue as authorized in section 5(g) of Act No. 279 of the
7 Public Acts of 1909, being section 117.5 of the Michigan Compiled
8 Laws.

9 (5) The bonds issued by a qualified governmental unit pursu-
10 ant to this act and the interest on those bonds are exempt from
11 taxation by this state or any political subdivision of this
12 state.

13 (6) The bonds issued by a qualified governmental unit pursu-
14 ant to this act are securities in which banks, savings and loan
15 associations, investment companies, credit unions, and other per-
16 sons carrying on a banking business, insurance companies, insur-
17 ance associations, and other persons carrying on insurance busi-
18 ness, and administrators, executors, guardians, trustees, and
19 other fiduciaries may legally invest funds, including capital,
20 belonging to them or within their control.

21 Sec. 9. A pledge of any proceeds of a tax imposed under
22 this act is effective, valid, and binding from the date when the
23 pledge is made. The pledge of proceeds received is immediately
24 subject to the lien of the pledge, whether or not there has been
25 a physical delivery. The lien of a pledge is valid and binding
26 against all parties having a claim of any kind against a person
27 who has received or holds the tax proceeds, whether or not the

1 parties have notice of the pledge. An instrument of the
2 qualified governmental unit by which a pledge of the taxes
3 imposed pursuant to this act is created is not required to be
4 filed or recorded except in the records of the qualified govern-
5 mental unit.

6 Sec. 10. An obligation issued by the qualified governmental
7 unit for the purposes specified in this act is payable from the
8 funds pledged or available for the obligation's payment as autho-
9 rized in this act or as otherwise provided by law. Each obliga-
10 tion issued for the purposes specified in this act shall contain
11 on its face a statement to the effect that the qualified govern-
12 mental unit is obligated to pay the principal of the premium, if
13 any, and the interest on the obligations from the proceeds of the
14 tax authorized by this act or as shall otherwise be provided in
15 this act or by law.

16 Sec. 11. This act shall be construed liberally to effectuate
17 the legislative intent and purposes of the act and is com-
18 plete and independent authority for the performance of each and
19 every act and thing permitted by this act. Powers granted by
20 this act shall be broadly interpreted to effectuate the intent
21 and purposes of this act and not as a limitation on authority.

22 Sec. 12. The tax imposed pursuant to this act shall take
23 effect on the first day of the month following approval of the
24 tax by the voters of the qualified governmental unit or upon a
25 later date provided by an ordinance of the local governmental
26 unit.

1 Sec. 13. The tax imposed by this act shall not be levied
2 after December 31, 2020 or the date the principal of or interest
3 on bonds issued under this act is finally paid, whichever is
4 later.

5 Sec. 14. This act shall not take effect unless Senate Bill
6 No. ___ or House Bill No. 4265 (request no. 01256'91 b) of the
7 86th Legislature is enacted into law.