Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 758 (as reported without amendment)
Sponsor: Senator Dave Hildenbrand
Committee: Finance

CONTENT

The bill would amend Public Act 263 of 1974, which allows a county meeting certain population criteria to levy a tax on hotel and motel accommodations, to provide in its ordinance imposing the tax that, if the tax remained unpaid for more than 90 days, the county treasurer could collect it in the same manner as a delinquent special assessment, along with any associated interest, fees, and costs, under the General Property Tax Act.

(Under Public Act 263 of 1974, if a county has a population of less than 600,000 and contains a city of at least 40,000, the county may enact an ordinance to collect an excise tax from businesses providing rooms for dwelling, lodging, or sleeping to transient guests. If a county met the population criteria on the date it enacted the ordinance, it may continue to collect the tax.

The tax rate may not exceed 5.0% of the total charge for accommodations. The revenue may be used for convention and entertainment facilities or the promotion of tourist and convention business in the county.)

MCL 141.864 Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would increase by an unknown amount the revenue of counties eligible to levy the tax on hotel and motel accommodations under Public Act 263 of 1974 that have delinquent taxes under the Act. The current law provides for penalties and interest on delinquent accommodations taxes. The bill, however, would make available additional measures for the collection of unpaid accommodations taxes. These measures would be the same as those available for the collection of delinquent special assessments. This would permit, but not require, the tax collecting officer to include unpaid accommodations taxes as a delinquent tax. This would make the delinquent accommodation taxes a lien on the property, and would authorize the forfeiture and foreclosure process, which would commence on the March 1 in the year after the taxes were unpaid. If the property were not redeemed by the payment of taxes, interest, and related fees by March 31 of the second year (25 months) after the taxes were returned as delinquent, the tax foreclosing governmental unit (either the county or the State) would begin the process to sell the property. The availability of this process would have the potential to change taxpayer behavior and result in the collection of taxes that were unpaid previously.

Date Completed: 3-12-14 Fiscal Analyst: Elizabeth Pratt