



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 5048 (Substitute H-6 as reported without amendment)

Sponsor: Representative John Fitzgerald

House Committee: Local Government and Municipal Finance

Senate Committee: Local Government

CONTENT

The bill would amend the accommodations tax Act to do the following:

- Increase, from 5% to 8%, the maximum excise tax that a county that meets specified requirements may impose on individuals engaged in the business of providing rooms for dwelling, lodging, or sleeping purposes to transient guests.
- Allow a local unit of government in a county with a population of between 600,000 and 775,000 to impose an excise tax of up to 2% on individuals engaged in the business of providing rooms for dwelling, lodging, or sleeping purposes to transient guests, upon approval of a majority of electors.
- Specify that excise taxes levied by a local unit of government and excise taxes levied by a county under the Act would be in addition to each other.

MCL 141.861 et al.

BRIEF RATIONALE

Generally, revenue collected from the excise taxes imposed by the Act helps counties improve tourism services in their jurisdictions. Allowing certain local governmental units to impose the tax would afford them the same opportunity. According to testimony, the City of Grand Rapids plans to construct an outdoor amphitheater and a soccer stadium that is expected to increase tourism. If the City were afforded the opportunity to impose the 2% excise tax under the bill, the tax could bring significant revenue to support the City's further development of tourism.

Legislative Analyst: Alex Krabill

FISCAL IMPACT

This bill would have no fiscal impact on the State. It could have a positive fiscal impact on local governmental units by an increase in the excise tax; however, voters would have to approve the tax first, making it impossible to estimate the fiscal impact on local governments.

Date Completed: 11-8-23

Fiscal Analyst: Bobby Canell