

HOUSE BILL NO. 5048

September 26, 2023, Introduced by Rep. Fitzgerald and referred to the Committee on Tax Policy.

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:

1

TITLE

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

6 Sec. 1. As used in this act:

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

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

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

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

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

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

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

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

28 (i) ~~(e)~~—"Revenues" means the income derived from the **excise**
 29 tax, plus interest and penalties imposed by this act, levied and

1 assessed under an ordinance adopted pursuant to this act.

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

4 Sec. 2. (1) The county board of commissioners of a county
5 ~~having that has~~ a population of less than 600,000 ~~persons,~~ and
6 ~~having that has~~ a city **with a population of at least not less than**
7 40,000 ~~population~~ may enact an ordinance to levy, assess, and
8 collect an excise tax from all persons engaged in the business of
9 providing rooms for dwelling, lodging, or sleeping purposes, except
10 in hospitals or nursing homes, to transient guests, whether or not
11 membership is required for the use of the accommodations.

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

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

24 (4) If a county described in subsection (2) has any
25 accommodations located within the county that are also located
26 within the boundaries of a city with a population of less than
27 5,000 persons, then the accommodation is exempt from **the excise** tax
28 ~~under this act.~~ **levied by the county.**

29 (5) ~~The An~~ ordinance ~~provided by this act~~ **described in**

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

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

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

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

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

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

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

27 **Sec. 3. A county or local unit of government levying a-an**
28 **excise tax pursuant to an ordinance adopted under this act shall**
29 **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~~n~~
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

1 information filed, or the determination of any tax liability under
2 this act.

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

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

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

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

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

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

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

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

1 facilities.

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

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

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

17 (f) **Public safety, community beautification and cleanliness,**
18 **and other measures to make the community attractive to tourism.**