

HOUSE BILL NO. 5443

February 13, 2024, Introduced by Reps. McFall, Brixie, Arbit, McKinney, Paiz, Hill, Byrnes, Rheingans, Dievendorf, Grant, O'Neal, Neeley, Brabec, Conlin, Morgan, Wilson, Hope, Price, Wegela and Aiyash and referred to the Committee on Regulatory Reform.

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.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE

2 An act to permit counties to impose and collect an excise tax
 3 on persons engaged in the business of providing rooms for dwelling,
 4 lodging, or sleeping purposes to transient guests, **including short-**
 5 **term rentals;** to provide for the disposition of the revenues
 6 ~~thereof; from the excise tax;~~ and to prescribe penalties.

7 Sec. 1. As used in this act:

8 (a) "Accommodations" means the room or other space provided
 9 for sleeping, including furnishings and other accessories ~~therein.~~
 10 **in the room or other space. Accommodations include, but are not**
 11 **limited to, a dwelling offered as a short-term rental.**

12 Accommodations do not include food and beverages.

13 (b) "Administrator" means the official designated by the
 14 county to collect the **excise** tax and to administer and enforce the
 15 ordinance.

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

20 (d) "**Excise tax**" means the excise tax levied by a county under
 21 this act.

22 (e) "Occupancy charge" means that term as defined in section 2
 23 of the short-term rental regulation act.

24 (f) "Ordinance" means an ordinance enacted by a county under
 25 this act to levy, assess, and collect an excise tax.

26 (g) "Owner", with respect to a short-term rental, means that
 27 term as defined in section 2 of the short-term rental regulation
 28 act.

29 (h) ~~(d)~~ "Person" means a natural person, partnership,

1 fiduciary, association, corporation, or other entity.

2 (i) ~~(e)~~—"Revenues" means the income derived from the **excise**
3 tax, plus interest and penalties imposed by this act, levied and
4 assessed under an ordinance adopted pursuant to this act.

5 (j) **"Short-term rental" means that term as defined in section**
6 **2 of the short-term rental regulation act.**

7 (k) ~~(f)~~—"Transient guest" means a natural person staying less
8 than 30 consecutive days.

9 Sec. 2. (1) The county board of commissioners of a county
10 ~~having that has~~ a population of less than 600,000 ~~persons,~~ and
11 ~~having that has~~ a city **with a population** of ~~at least~~ **not less than**
12 40,000 ~~population~~ may enact an ordinance to levy, assess, and
13 collect an excise tax from all persons engaged in the business of
14 providing rooms for dwelling, lodging, or sleeping purposes, except
15 in hospitals or nursing homes, to transient guests, whether or not
16 membership is required for the use of the accommodations,
17 **including, but not limited to, owners of short-term rentals.**

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

24 (3) 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 in which the majority of the
27 population of that city reside in an adjoining county, then the
28 accommodation is exempt from the **excise** tax ~~under this act.~~ **levied**
29 **by the county.**

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

6 (5) ~~The An ordinance provided by this act~~ may be amended or
 7 repealed in the same manner as it was adopted.

8 (6) The **excise** tax imposed ~~pursuant to this act shall~~ **by a**
 9 **county must** be at a rate of not more than 5% of the total charge
 10 for accommodations subject to this act. **For a short-term rental,**
 11 **the total charge for accommodations is the occupancy charge.**

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

16 Sec. 3. A county levying ~~a an excise~~ tax ~~pursuant to an~~
 17 ~~ordinance adopted under this act~~ shall provide in the ordinance for
 18 **all of the following:**

19 (a) The effective date of the ordinance, which ~~shall be in~~
 20 ~~accordance~~ **must comply** with section 5.

21 (b) The rate of the **excise** tax to be imposed.

22 (c) The rate and manner of the imposition of interest and
 23 penalties for delinquency in payment of **excise** taxes or other
 24 violations of the ordinance. The interest imposed on delinquency in
 25 payment of the **excise** tax ~~shall~~ **must** not be more than 1% per month
 26 or fraction ~~thereof~~ **of a month** of the unpaid **excise** tax after the
 27 due date ~~thereof~~ until paid. The penalty for delinquency in payment
 28 of the **excise** tax when due or other violations of the ordinance may
 29 be in addition to the interest but ~~shall~~ **must** not be more than 5%

1 of the amount of the unpaid **excise** tax per month or fraction
 2 ~~thereof of a month~~ after the due date ~~thereof~~ until paid. However,
 3 the penalty ~~shall~~**must** not exceed 25% of the unpaid **excise** tax.

4 (d) The determination and allowance of abatements and refunds.

5 (e) The designation of the administrator of the **excise** tax and
 6 methods of collection.

7 Sec. 4. A county levying a ~~an excise~~ tax ~~under this act~~ may
 8 provide in the ordinance for 1 or more of the following:

9 (a) The adoption and enforcement of rules to apply, interpret,
 10 effectuate, and administer the ordinance and the purposes of the
 11 **excise** tax.

12 (b) The prescribing and furnishing to taxpayers of forms,
 13 instructions, manuals, and other materials necessary for
 14 indorsement of the **excise** tax and the auditing of tax returns.

15 (c) The examination by the administrator or ~~his~~**the**
 16 **administrator's** agent of the books and records of a taxpayer for
 17 purposes of determining the correctness of a tax return or
 18 information filed, or the determination of any tax liability under
 19 this act.

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

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

28 Sec. 6. The **excise** taxes ~~levied under this act~~ shall be ~~are~~ in
 29 addition to any other taxes, charges, or fees.

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

6 (a) The cost of administration and enforcement of the
 7 ordinance.

8 (b) The financing of the acquisition, construction,
 9 improvement, enlargement, repair, or maintenance of convention and
 10 entertainment facilities, including, except as provided in
 11 subdivision (e), the payment of principal and interest, when due,
 12 on bonds or other evidence of indebtedness issued by the county for
 13 convention and entertainment facilities.

14 (c) Except as provided in subdivision (e), current or future
 15 annual rental payable by the county to an authority organized
 16 pursuant to state law for the purpose of acquiring, constructing,
 17 improving, enlarging, repairing, or maintaining the convention and
 18 entertainment facilities and leasing them to the county.

19 (d) The promotion and encouragement of tourist and convention
 20 business in the county.

21 (e) The principal and interest, when due, on bonds or other
 22 evidence of indebtedness issued by or on behalf of the county for
 23 the purpose of financing the construction of a museum, or the
 24 current or future rental payable by the county to an authority
 25 organized pursuant to state law for the purpose of constructing a
 26 museum and leasing it to the county, only if the museum is located
 27 in a city with a population of 180,000 or more.

28 **(f) Programs to assist with or provide child care.**

29 **(g) Housing activities.**

1 Enacting section 1. This amendatory act does not take effect
2 unless Senate Bill No. _____ or House Bill No. 5438 (request no.
3 03372'23 **) of the 102nd Legislature is enacted into law.