

Legislative Analysis



MACKINAC ISLAND ASSESSMENT DISTRICT

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 1204

Sponsor: Sen. Jason E. Allen

House Committee: Tourism, Outdoor Recreation and Natural Resources

Senate Committee: Commerce and Tourism

Complete to 4-26-10

A SUMMARY OF SENATE BILL 1204 AS PASSED BY THE SENATE 4-21-10

Generally speaking, the Community Convention or Tourism Marketing Act (Public Act 395 of 1980) allows a nonprofit convention or tourist bureau in an eligible county to levy a special assessment on hotel and motel rooms in a designated assessment district of up to two percent of the room rate (and up to four percent in certain townships). The assessment revenues are turned over to the local convention or tourism bureau for use in a marketing program designed to increase convention or tourist business in the area. As amended in 1984, the act applies to any county with a population of less than 650,000, or a city, village, or township within a county of that size, *except for a special charter, fourth class city.*

Senate Bill 1204 would eliminate the exclusion of a special charter, fourth class city, from the definition of municipality under this act. It is thought that this exclusion was intended to cover Mackinac Island. The removal of this exclusion would allow a special assessment district to be created on Mackinac Island in accordance with the act's procedural requirements.

FISCAL IMPACT:

Permitting Mackinac Island to be included in an assessment district would have no impact on state revenue. There would be an indeterminate, but likely limited, fiscal impact to the agency responsible for oversight for reviewing the initial marketing plan, overseeing the referendum to establish the district, and enforcing the reporting requirements under the provisions of the statute.

BACKGROUND INFORMATION:

To establish an assessment district under this act, a nonprofit convention or tourist bureau must submit a notice of a proposed marketing program to Travel Michigan for approval, and, at the same time, send the notice by registered or certified mail to each owner of a transient facility (generally, a hotel or motel with ten or more rooms) in the proposed assessment district. The notice has to specify the amount of the proposed room assessment, include certain information about the bureau, and describe the marketing program to be carried out by the bureau. Travel Michigan must approve or disapprove the marketing program within 30 days. Within 40 days after approving a marketing plan,

Travel Michigan must require a written referendum on the proposal to be held by mail or in person among all owners of transient facilities in the proposed assessment district, with each owner getting one vote per room. The financial statements of the bureau must be audited at least annually by a certified public accountant and provided to hotel and motel owners and submitted to the director.

[Note: Although the act refers to the Department of Commerce, not Travel Michigan, these functions are now handled by "Travel Michigan," which is part of the Michigan Strategic Fund within the Department of Treasury. As drafted, the bill would change "Commerce" to "the Department of Energy, Labor, and Economic Growth," but this may need to be amended because Travel Michigan is not part of DELEG.]

A manual for Michigan assessment districts is available online at:

http://www.travelmichigannews.org/cm/attach/7FCE50AA-1D21-411D-A4CE-B2C55EE09612/2008_DMO_Handbook.pdf

Legislative Analyst: Shannan Kane
Fiscal Analyst: Jim Stansell
Mark Wolf
Ben Gielczyk

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.