

# Legislative Analysis



## ENFORCEMENT OF HOTEL/MOTEL "TAX"

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

**Senate Bill 611 without amendment**  
**Sponsor: Sen. Mike Kowall**  
**House Committee: Tax Policy**  
**Senate Committee: Economic Development**

**Complete to 3-20-14**

### A SUMMARY OF SENATE BILL 611 AS PASSED BY THE SENATE 10-31-13

The bill would amend the Community Convention or Tourism Marketing Act to (1) require owners of hotel and motel rooms to pay the attorney fees and court costs incurred by a tourism or convention bureau in collecting delinquent room assessments; and (2) provide that assessments collected by an owner but not paid to a bureau would be considered trust funds and would have to be remitted to the bureau.

The act is one of several acts that allow private tourism and convention marketing organizations to place an assessment on rooms in a given area.

The Community Convention or Tourism Marketing Act applies in counties with a population below 650,000, and cities, villages, and townships in those counties. The act authorizes a nonprofit convention and tourism bureau to establish a marketing program funded by an assessment collected from owners of transient facilities (such as hotels and motels) within an assessment district. An assessment district may consist of one or more municipalities described in the marketing program. The maximum assessment allowed is 5% of room charges, and assessments must be paid within 30 days after the end of each month.

The act requires an owner to pay interest at a rate of 1.5% per month on any assessments not paid on time. In addition, an owner who is delinquent for more than 90 days must pay a delinquency charge of 1.5% per month or fraction of a month on the amount of the delinquent assessments.

Senate Bill 611 would, in addition, require the owner of transient facilities to also pay the costs of reasonable attorney fees and court costs incurred in collecting the delinquent assessments. Further, the bill specifies that all assessments owed to a bureau by an owner of a transient facility within an assessment district would have to be considered trust funds and remitted to the bureau as required by the act.

MCL 141.875

### FISCAL IMPACT:

As written, the bill would have no revenue impact on the state, local governments, or municipal tax collecting units. The revenue collected is not public revenue but is

collected by private organizations. Long run costs could be reduced for tourism bureaus in counties covered by the Community Convention or Tourism Marketing Act.

Legislative Analyst: Chris Couch  
Fiscal Analyst: Adam Desrosiers

---

■ 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.