

# HOUSE BILL NO. 5439

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

A bill to amend 2010 PA 254, entitled "Regional convention and tourism promotion act," by amending the title and sections 2, 3, 4, and 7 (MCL 141.1432, 141.1433, 141.1434, and 141.1437), the title and section 2 as amended by 2018 PA 465.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 TITLE
- 2 An act relating to the promotion of convention business and
- 3 tourism in this state; to provide for regional tourism and

1 convention marketing and promotion programs in certain areas; **to**  
2 **allow certain activities as part of regional tourism and convention**  
3 **marketing and promotion programs;** to provide for imposition and  
4 collection of assessments on the owners of transient facilities,  
5 **including short-term rentals,** to support tourism and convention  
6 marketing and promotion programs; to provide for the disbursement  
7 of the assessments; to establish the oversight functions and duties  
8 of certain state departments, state agencies, and state employees;  
9 and to prescribe penalties and remedies.

10 Sec. 2. As used in this act:

11 (a) "Assessment" means the amount levied against an owner of a  
12 transient facility within an assessment district computed by  
13 application of the applicable percentage against aggregate room  
14 charges with respect to that transient facility during the  
15 applicable assessment period.

16 (b) "Assessment district" means a combination of 2 or more  
17 adjoining municipalities as described in a marketing program.

18 (c) "Assessment revenues" means the money derived from the  
19 assessment, including any interest and penalties on the assessment,  
20 imposed by this act.

21 (d) "Board" means the board of directors of a bureau.

22 (e) "Bureau" means a nonprofit corporation incorporated under  
23 the laws of this state existing solely to promote convention  
24 business and tourism within this state or a portion of this state  
25 and that complies with all of the following:

26 (i) Has been actively engaged in promoting convention business  
27 and tourism for not less than 5 years.

28 (ii) Has a board of directors elected by its members.

29 (iii) Has a full-time chief executive officer and not fewer than

1 2 full-time equivalent employees.

2 (iv) Is a member of 1 or more nationally recognized  
3 associations of travel and convention bureaus.

4 (f) "Director" means the chief executive officer of the  
5 Michigan economic development corporation or ~~his or her~~ **the chief**  
6 **executive officer of the Michigan economic development**  
7 **corporation's** designee.

8 (g) "Marketing program" means a program established by a  
9 bureau to develop, encourage, solicit, and promote regional  
10 convention business and tourism within this state or a portion of  
11 this state within which the bureau operates. The encouragement and  
12 promotion of regional convention business and tourism ~~shall include~~  
13 **includes** any service, function, or activity, whether or not  
14 performed, sponsored, or advertised by a bureau, that intends to  
15 attract transient guests to the assessment district.

16 (h) "Marketing program notice" means the notice described in  
17 section 3.

18 (i) "Master plan" means the comprehensive, long-range master  
19 plan developed by the Michigan travel commission and the travel  
20 bureau under section 2c of the Michigan tourism policy act, 1945 PA  
21 106, MCL 2.102c.

22 (j) "Municipality" means a county with a population of more  
23 than 80,000 and less than 115,000 and that contains a city with a  
24 population of more than 35,000 and less than 45,000, ~~at the time~~  
25 **when** the marketing notice is filed with the director, and that  
26 shares a border with a county that levies a tax on accommodations  
27 under 1974 PA 263, MCL 141.861 to 141.867.

28 (k) "Owner" means the owner of a transient facility located  
29 within the assessment district or, if the transient facility is

1 operated or managed by a person other than the owner, then the  
2 operator or manager of that transient facility.

3 (l) "Room" means a room or other space provided for sleeping,  
4 including the furnishings and other accessories in the room. **Room**  
5 **includes, but is not limited to, a dwelling offered as a short-term**  
6 **rental.**

7 (m) "Room charge" means the charge imposed for the use or  
8 occupancy of a room, excluding charges for food, beverages, state  
9 use tax, telephone service or like services paid in connection with  
10 the charge, and reimbursement of the assessment imposed by this  
11 act. **For a short-term rental, room charge means the occupancy**  
12 **charge as that term is defined in section 2 of the short-term**  
13 **rental regulation act.**

14 (n) "Short-term rental" means that term as defined in section  
15 2 of the short-term rental regulation act.

16 (o) ~~(n)~~—"Transient facility" means **either of the following**  
17 **facilities, except transient facility does not include a hospital**  
18 **or nursing home:**

19 (i) **A building that contains 2-1 or more rooms used in the**  
20 **business of providing dwelling, lodging, or sleeping to transient**  
21 **guests, whether or not membership is required for the use of the**  
22 **rooms. ~~A transient facility shall not include a hospital or nursing~~**  
23 **home.**

24 (ii) **A dwelling offered as a short-term rental.**

25 (p) ~~(o)~~—"Transient guest" means a natural person who occupies  
26 a room in a transient facility for less than 30 consecutive days  
27 regardless of who pays the room charge for the room.

28 (q) ~~(p)~~—"Travel bureau" means the Michigan travel bureau  
29 created under section 2a of the Michigan tourism policy act, 1945

1 PA 106, MCL 2.102a, **and renamed Travel Michigan by Executive**  
 2 **Reorganization Order No. 1997-1, MCL 2.111.**

3 (r) ~~(q)~~ "Use tax" or "state use tax" means the tax imposed  
 4 under the use tax act, 1937 PA 94, MCL 205.91 to 205.111.

5 Sec. 3. (1) A bureau that has its principal place of business  
 6 in an assessment district may file a marketing program notice with  
 7 the director. The notice ~~shall~~**must** state that the bureau proposes  
 8 to create a marketing program under this act and cause an  
 9 assessment to be collected from owners of transient facilities  
 10 within the assessment district to pay the costs of the program.

11 (2) The marketing program notice ~~shall~~**must** describe the  
 12 structure, history, membership, and activities of the bureau in  
 13 sufficient detail to enable the director to determine whether the  
 14 bureau satisfies all of the requirements of section 2(e).

15 (3) The marketing program notice ~~shall~~**must** describe the  
 16 marketing program to be implemented by the bureau with the  
 17 assessment revenues and specify the amount of the assessment  
 18 proposed to be levied, which ~~shall~~**must** not exceed 5% of the room  
 19 charges in the applicable payment period, and the municipality or  
 20 municipalities composing the assessment district.

21 (4) Simultaneously with the filing of the marketing program  
 22 notice with the director, the bureau shall cause a copy of the  
 23 notice to be mailed by registered or certified mail to each owner  
 24 of a transient facility located in the assessment district  
 25 specified in the notice in care of the respective transient  
 26 facility. In assembling the list of owners to whom the notices  
 27 ~~shall~~**must** be mailed, the bureau shall use any data that ~~are~~**is**  
 28 reasonably available to the bureau, **including, but not limited to,**  
 29 **the short-term rental database as that term is defined in section 2**

1 **of the short-term rental regulation act.**

2 (5) The form of the marketing program notice, in addition to  
3 the information required by subsections (1), (2), and (3), ~~shall~~  
4 **must** set forth the right of referendum prescribed in subsection  
5 (6).

6 (6) Except as otherwise provided in subsection (8), the  
7 assessment set forth in the notice ~~shall become~~ **becomes** effective  
8 on the first day of the month following the expiration of 40 days  
9 after the date the notice is mailed, unless the director, within  
10 the 40-day period, receives written requests for a referendum by  
11 owners of transient facilities located within the assessment  
12 district representing not less than 40% of the total number of  
13 owners or not less than 40% of the total number of rooms in all of  
14 the transient facilities. **For purposes of this subsection and**  
15 **subsection (7), a dwelling offered as a short-term rental is**  
16 **considered 1 room.**

17 (7) If the director receives referendum requests in the time  
18 and number set forth in subsection (6), the director shall cause a  
19 written referendum to be held by mail or in person, as the director  
20 chooses, among all owners of transient facilities in the assessment  
21 district within 20 days after the expiration of the 40-day period.  
22 For the purposes of the referendum, each owner of a transient  
23 facility ~~shall have~~ **has** 1 vote for each room in each of the owner's  
24 transient facilities within the assessment district. If a majority  
25 of votes actually cast at the referendum approve the assessment, as  
26 proposed by the bureau in its marketing program notice, the  
27 assessment ~~shall become~~ **becomes** effective, except as otherwise  
28 provided in subsection (8), as to all owners of transient  
29 facilities located in the assessment district on the first day of

1 the month following expiration of 30 days after certification of  
2 the results of the referendum by the director. If a majority of  
3 votes actually cast at the referendum are opposed to the  
4 assessment, the assessment ~~shall~~**does** not become effective. If the  
5 assessment is defeated by the referendum, the bureau may file and  
6 serve a new notice of intention if at least 60 days have elapsed  
7 from the date of certification of the results of the earlier  
8 referendum. Not more than 2 referenda or notices may be held  
9 ~~pursuant to or filed under~~ this subsection ~~or filed pursuant to~~  
10 ~~this section~~ in any 1 calendar year. Only 1 assessment under this  
11 act may be in existence in an assessment district, or any part of  
12 an assessment district, at any 1 time.

13 (8) The assessment described in this act ~~shall~~**is** not be  
14 effective before January 1, 2011.

15 Sec. 4. A marketing program may include ~~all or any~~**1 or more**  
16 of the following:

17 (a) Provisions for establishing and paying the costs of  
18 advertising, marketing, and promotional programs to encourage  
19 convention business and tourism in the assessment district.

20 (b) Provisions for assisting transient facilities within the  
21 assessment district in promoting regional convention business and  
22 tourism.

23 (c) Provisions for the acquisition of personal property  
24 considered appropriate by the bureau in furtherance of the purposes  
25 of the marketing program.

26 (d) Provisions for the hiring of and payment for personnel  
27 employed by the bureau to implement the marketing program.

28 (e) Provisions for contracting with organizations, agencies,  
29 or persons for carrying out activities in furtherance of the

1 purposes of the marketing program.

2 (f) Programs for establishing and paying the costs of research  
3 designed to encourage convention business and tourism in the  
4 assessment district.

5 (g) Provisions or programs to assist with or provide child  
6 care.

7 (h) Housing activities.

8 (i) Provisions clarifying the assessment on room charges for  
9 short-term rentals.

10 Sec. 7. (1) At any time 3 years or more after the effective  
11 date of an assessment, and ~~upon~~ on the written request of owners of  
12 transient facilities located within the assessment district  
13 representing not less than 40% of the total number of owners or not  
14 less than 40% of the total number of rooms in all the transient  
15 facilities, the bureau shall conduct a referendum on whether the  
16 assessment shall be discontinued. The bureau shall cause a written  
17 referendum to be held by mail or in person, as the bureau chooses,  
18 among all owners of transient facilities in the assessment district  
19 within 60 days of the receipt of the requests. For the purposes of  
20 the referendum, each owner ~~shall have~~ **has** 1 vote for each room in  
21 each of the owner's transient facilities within the assessment  
22 district. If a majority of the total votes eligible to be cast at  
23 the referendum supports discontinuance of the assessment, the  
24 assessment ~~shall be~~ **is** discontinued on the first day of the month  
25 following expiration of 90 days after the certification of the  
26 results of the referendum by the bureau. **For purposes of this**  
27 **subsection, a dwelling offered as a short-term rental is considered**  
28 **1 room.**

29 (2) Passage of a resolution discontinuing the assessment ~~shall~~



1 **does** not prevent a bureau from proposing a new marketing program  
2 notice during or after the 90-day period, in which case the  
3 procedures set forth in section 3 shall be followed.

4 (3) If a referendum is conducted under subsection (1) and if a  
5 resolution to discontinue the assessment is not adopted, a further  
6 referendum on the discontinuation of that assessment ~~shall~~**must** not  
7 be held for a period of 2 years.

8 Enacting section 1. This amendatory act does not take effect  
9 unless Senate Bill No. \_\_\_\_ or House Bill No. 5438 (request no.  
10 03372'23 \*\*) of the 102nd Legislature is enacted into law.