

HOUSE BILL No. 5006

July 27, 1989, Introduced by Rep. Harrison and referred to the Committee on Taxation.

A bill to amend sections 4 and 9 of Act No. 106 of the Public Acts of 1985, entitled "State convention facility development act," being sections 207.624 and 207.629 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 4 and 9 of Act No. 106 of the Public
2 Acts of 1985, being sections 207.624 and 207.629 of the Michigan
3 Compiled Laws, are amended to read as follows:

4 Sec. 4. (1) There is ~~hereby~~ levied upon and there shall
5 be collected from any person engaged in the business of providing
6 accommodations to transient guests in a convention hotel, whether
7 or not membership is required, an excise tax at the following
8 rates:

1 (a) For a convention hotel located within a qualified local
2 governmental unit under section 9(3), the following:

3 (i) A rate of 3% of the room charge for accommodations in a
4 convention hotel with 81 to 160 rooms.

5 (ii) A rate of 6% of the room charge for accommodations in a
6 convention hotel with more than 160 rooms.

7 (b) For all other convention hotels not subject to the tax
8 rates imposed by subdivision (a), the following:

9 (i) A rate of 1.5% of the room charge for accommodations in
10 a convention hotel with 81 to 160 rooms.

11 (ii) A rate of 5% of the room charge for accommodations in a
12 convention hotel with more than 160 rooms.

13 (iii) BEGINNING JANUARY 1, 1990 AND THROUGH DECEMBER 31,
14 2004, IN ADDITION TO THE RATE IN SUBPARAGRAPH (i), A RATE OF 1.5%
15 OF THE ROOM CHARGE FOR ACCOMMODATIONS IN A CONVENTION HOTEL WITH
16 81 TO 160 ROOMS.

17 (iv) BEGINNING JANUARY 1, 1990 AND THROUGH DECEMBER 31,
18 2004, IN ADDITION TO THE RATE IN SUBPARAGRAPH (ii), A RATE OF 1%
19 OF THE ROOM CHARGE FOR ACCOMMODATIONS IN A CONVENTION HOTEL WITH
20 MORE THAN 160 ROOMS.

21 (2) Beginning with the state fiscal year 1987, a person
22 engaged in the business of providing accommodations to transient
23 guests in a convention hotel is exempt from the tax imposed by
24 this act for any state fiscal year in which appropriations of the
25 tax collections pursuant to this act from that convention hotel
26 have not been made for distributions pursuant to section 9 that
27 would be received by a qualified local governmental unit from the

1 collections of the tax under this act or the convention facility
2 promotion tax act that the qualified local governmental unit is
3 eligible to receive.

4 Sec. 9. (1) On or before the thirtieth day of each month,
5 the state treasurer shall make a distribution from the convention
6 facility development fund to a qualified local governmental
7 unit. The distribution shall be an amount equal to the sum of
8 the collections from the excise tax levied for accommodations
9 pursuant to this act for the previous month from the convention
10 hotels in the county in which the convention facility is or is to
11 be located and, EXCEPT AS PROVIDED IN SUBSECTION (4), in any
12 county in which convention hotels are located that is contiguous
13 to the county in which the convention facility is located, or is
14 to be located, and the additional liquor tax received pursuant to
15 the convention facility promotion tax act for the previous month
16 received in the fund. However, distributions for any state
17 fiscal year to any qualified local governmental unit shall not
18 exceed an amount equal to the amount pledged by the qualified
19 local governmental unit for the payment during that state fiscal
20 year of bonds, obligations, or other evidences of indebtedness
21 incurred for the purposes specified in this act, plus any amount
22 necessary to maintain a fully funded debt reserve or other
23 reserves intended to secure the principal and interest on the
24 bonds, obligations, or other evidences of indebtedness as con-
25 tained in the resolution or ordinance authorizing their
26 issuance.

1 (2) Notwithstanding the distributions provided by subsection
2 (1), if a local governmental unit becomes a qualified local
3 governmental unit entitled to receive distributions from the tax
4 imposed by the convention facility promotion tax act or from the
5 tax imposed by this act in counties in which the convention
6 facility is located or in a county in which a convention hotel is
7 located that is contiguous to the county in which the convention
8 facility is located, no other qualified local governmental unit
9 shall be entitled to distributions pursuant to this section for
10 which that qualified local governmental unit has previously
11 become entitled.

12 (3) A qualified local governmental unit shall be a city,
13 village, township, county, or authority that is located in a
14 county in which convention hotels are located and that either is
15 the owner or lessee of a convention facility with 350,000 square
16 feet or more of total exhibit space on the effective date of this
17 act or, if such a convention facility does not exist, will be the
18 owner or lessee of a convention facility with 350,000 square feet
19 or more of total exhibit space through the application of distri-
20 butions under this section to the purchase or lease of a conven-
21 tion facility.

22 (4) ON OR BEFORE THE THIRTIETH DAY OF EACH MONTH, THE STATE
23 TREASURER SHALL MAKE A DISTRIBUTION FROM THE CONVENTION FACILITY
24 DEVELOPMENT FUND TO EACH COUNTY. THE DISTRIBUTION SHALL BE AN
25 AMOUNT EQUAL TO THE COLLECTIONS FROM THE EXCISE TAX LEVIED UNDER
26 SECTION 4(1)(B)(iii) AND (iv) FROM THE CONVENTION HOTELS IN THAT

1 COUNTY. THE REVENUE SHALL BE USED ONLY ACCORDING TO THE
2 FOLLOWING:

3 (A) IF THERE IS A MUNICIPALLY OWNED STADIUM IN THE COUNTY
4 WITH A SEATING CAPACITY OF MORE THAN 75,000 LOCATED OUTSIDE OF A
5 QUALIFIED LOCAL GOVERNMENTAL UNIT, 75% OF THE REVENUE SHALL BE
6 USED FOR THE OPERATION, MAINTENANCE, OR IMPROVEMENT OF THAT
7 STADIUM. IF THERE IS MORE THAN 1 STADIUM, 75% OF THE REVENUE
8 SHALL BE ALLOCATED EQUALLY TO THE OPERATION, MAINTENANCE, OR
9 IMPROVEMENT OF EACH STADIUM.

10 (B) THE REMAINING REVENUE SHALL BE INCLUDED FOR THE PURPOSES
11 OF THE CALCULATIONS REQUIRED BY SECTION 24E OF THE GENERAL PROP-
12 ERTY TAX ACT, ACT NO. 206 OF THE PUBLIC ACTS OF 1893, BEING SEC-
13 TION 211.24E OF THE MICHIGAN COMPILED LAWS. IF THE COUNTY BOARD
14 OF COMMISSIONERS APPROVES AN ADDITIONAL MILLAGE RATE UNDER
15 SECTION 24E OF THE GENERAL PROPERTY TAX ACT, ACT NO. 206 OF THE
16 PUBLIC ACTS OF 1893, THEN AN AMOUNT EQUAL TO 25% OF THE DISTRIBU-
17 TION UNDER THIS SUBSECTION SHALL BE USED FOR CULTURAL ORGANI-
18 ZATIONS LOCATED IN THE COUNTY.