



**The Michigan Association of Convention and Visitor Bureaus (MACVB) supports Senate Bill No. 611, legislation to provide enforcement tools to a local CVB and make them whole if they are forced to go to court to collect their local marketing assessment for tourism promotion programs.**

**Summary and Rational:**

- The "Community Convention or Tourism Marketing Act", PA395 of 1980, provides a means for local promotion of convention business and tourism in certain counties and areas throughout Michigan. It provides for tourism marketing programs through a non-profit Convention and Visitor Bureau (CVB). There are 62 CVBs throughout Michigan that utilize this enabling statute.
- The local CVB marketing and tourism promotion programs are financed through a room assessment, which is voluntarily established by the owners of the transient facilities in the CVB. It is legally and constitutionally not a tax, but a self-imposed assessment put in place by a vote of the owners of the transient facilities within the local assessment district.
- Because these CVB assessments are not an actual tax levy, the normal enforcement tools available for the collection of delinquent taxes is not available to the local CVB. In essence, the local CVB must commence their own independent civil court action grounded in contract law to force a wrong doing transient facility to turn over the room assessments. These are room assessments that have already been collected by the lodging establishment, but not remitted to the CVB.
- Engaging in this type of independent court action can be a considerable expense for the CVB. Knowing that after the CVB pays for attorney fees, court costs, and the time spent pursuing legal redress, not much could be left over. It is not uncommon for a wrong doing facility to try to take advantage of this financial impediment to enforcement.
- SB 611 will allow the CVB to recover attorney fees and court costs incurred in collecting the delinquent assessments. It is identical to the Substitute (S-2) version of last session's legislation (HB5245 of 2012) that passed the House and was favorably reported from Senate Committee – but unable to be taken up on the Senate floor before adjournment Sine Die.
- Based on experience from other venues, this legislation could go a long way in persuading delinquent facilities to remit the assessments they have already collected (but kept for themselves) before the CVB commences a court action. Or, at least if the CVB is forced to follow through with the court action, it will be made whole for its efforts to collect the delinquent assessments on behalf of the local tourism industry. Too often, attorney fees otherwise eat up such a large portion of the recovery received in court that little is left over to use for what was the real purpose of the assessment – to promote tourism businesses in the local CVB district.

The language proposed by SB 611 is identical to the language used for regional CVB's and passed by the Legislature in 2010 (Public Act 254 of 2010). It would allow a local CVB faced with the same collection problem to have the same collection tools as for the regional CVB in Public Act 254 of 2010.