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BILL ANALYSIS

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Senate Bill 146 (as enrolled)

Senate Bill 147 (as enrolled)

Senate Bill 148 (as enrolled)

Sponsor: Senator Ed Fredricks (Senate Bill 146)

Senator William Sederburg (Senate Bill 147)

Senator Mitch Irwin (Senate Bill 148)

Committee: Local Government and Veterans

Date Completed: 7-16-87

RATIONALE

"Bed and breakfast" (B&B) is a traditional form of accommodation for travelers that long has been popular in Europe and New England. Typically, a bed and breakfast establishment is a private home where, for a single price, the owners rent a room and provide breakfast to a traveler. Until recently, when interest in B&Bs has grown nationally, such establishments were practically nonexistent in Michigan. A Michigan State University study completed in December 1986 showed, however, that there were 65 B&Bs in Michigan in 1984 and 110 in 1986, and the signs pointed toward further growth in future years.

Because bed and breakfast establishments offer lodging and food to the public, some officials have attempted to apply, and some may feel obliged to apply in the future, State standards regulating hotels and food service businesses to B&Bs. Other people claim that this not only could blur the distinction between traditional B&Bs and hotels or motels that serve a free breakfast, it also could stifle the growth of the B&B industry in Michigan by placing strict, and often expensive, requirements on individual homes. Some people feel that the State could encourage growth of the industry by defining B&Bs, and outlining what State regulations they must follow.

CONTENT

Senate Bills 146, 147, and 148 would amend various Acts to exempt bed and breakfasts from hotel regulation, grant them a lien to enforce payment, and limit their liability for guests' property, respectively.

Senate Bill 146

The bill would exempt bed and breakfasts from Public Act 188 of 1913, which regulates hotels.

MCL 427.1

Senate Bill 147

The bill would amend Public Act 145 of 1897, which provides for a hotel keeper's lien, to authorize bed and breakfasts to enforce payment by detaining a lodger's baggage in the same way other lodging establishments may do so under the Act.

MCL 427.201

Senate Bill 148

The bill would amend Public Act 42 of 1905, which limits an innkeeper's liability for guests' personal property, to extend the Act to bed and breakfasts.

MCL 427.101

(Note: Enrolled House Bills 4662 and 4665 also would affect bed and breakfast establishments. In addition to defining a bed and breakfast and exempting a bed and breakfast, under certain conditions, from the Public Health Code's food service establishment provisions, House Bill 4662 would require that there be a properly working smoke detector in every sleeping room and a properly working fire extinguisher on every floor. The bill also refers to "transient tenant" rather than "lodger". House Bill 4665 would amend the State Construction Code Act, define a bed and breakfast establishment, specify that bed and breakfasts would be considered single family structures, and remove them from commercial hotel construction codes. House Bill 4665 also specifies that it would apply to a bed and breakfast constructed before the bill's effective date and to a single family residential structure that had been constructed before the effective date of the bill and was renovated to become a bed and breakfast after the effective date of the bill. The bill would not apply to a bed and breakfast that was constructed after the bill took effect or to a single family residential structure that was constructed and renovated to become a bed and breakfast after the bill took effect. The bill also could not be interpreted to affect local zoning, fire safety, or housing regulations.)

BACKGROUND

The popularity of bed and breakfasts in the United States may be a recent trend, according to an MSU study of the B&B industry in Michigan, but the roots of the B&B concept can be traced to 17th century Europe. The B&B form of lodging usually was relatively inexpensive and the cost of the breakfast was included in the price of the room. Traditionally, the establishments were small and consisted of one or two guest bedrooms and a hall bathroom that was shared with the residents of the home. B&Bs, which were located in residential neighborhoods and farms, were noted for treating guests more like friends and family members than tourists. American soldiers who had served in Great Britain during World War II were among the first sizeable group of Americans to use B&Bs when they visited Britain after the war. As the popularity of overseas vacations increased after World War II, more American travelers experienced European B&Bs, according to the study.

Since the mid-1970s, when the British B&B concept was introduced in the United States, the number of B&Bs

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established in this country has grown dramatically. The first bed and breakfasts, the MSU study noted, were located on the East and West coasts in such areas as Cape Cod and the Napa Valley in California. The American Bed and Breakfast Association, as cited in the study, estimated in 1984 that there were over 6,000 B&Bs located in more than 1,300 cities throughout North America.

The popularity of B&Bs in Michigan has grown as in the rest of the country. According to the MSU study, Michigan B&Bs have developed primarily in three areas: the recreation and tourist area in the northwest Lower Peninsula, in historic small towns in southwest Michigan, and along the Great Lakes' coastlines. The B&B industry in the State has changed during the last five years and the number of B&Bs has almost doubled in the last two years. There were 65 B&Bs operating in the State in 1984, and approximately 110 in 1986.

FISCAL IMPACT

The bills would have no fiscal impact on State or local government.

ARGUMENTS

Supporting Argument

Encouraging the development and growth of B&Bs in Michigan can do nothing but enhance an already flourishing tourism industry. Expansion of the B&B business could have several positive outcomes: creation of new small business opportunities for Michigan residents; proliferation of less expensive alternatives to traditional hotel-motel operations, thus offering diversity in the lodging industry; restoration or preservation of homes with historical significance, by making it economically viable for owners to live in and maintain them; utilization, rather than deterioration, of older homes in urban areas; and development of available lodging in areas of the State that are unable to support more extensive forms of lodging.

Currently, members of the fledgling B&B industry face compliance with the body of State regulations regarding lodging that were designed for hotels and motels. If strictly applied to B&Bs, these restrictions could require individuals to incur substantial expenses, thereby either forcing them out of business or making them drastically alter the type of experience they can provide. The bills would ease the burden of regulation faced by B&B owners, thus reflecting the uniqueness of B&Bs in the lodging industry, and making their operation more feasible, attractive, and affordable.

Opposing Argument

The bills would establish B&Bs as a special class in the lodging industry. Some aspects of laws and regulations that affect hotels and motels, under the bills, would apply to B&Bs and would benefit the B&B industry. For example, Senate Bill 147 would authorize B&Bs to enforce payment by detaining a lodger's baggage, as other lodging establishments now can do under Public Act 145 of 1897. Senate Bill 148 would extend to B&Bs the limitation on an innkeeper's liability for guests' personal property. Yet, B&Bs also would be exempt from other State laws with which hotels and motels must comply in order to operate in the State. Senate Bill 146, for example, would exempt B&Bs from Public Act 188 of 1913, which regulates hotels, inns, and lodging houses in such areas as fire escape equipment, sanitation, and bedding. Hotels and motels in the State are subject to a number of health, fire, and safety laws, and maybe required to obtain liability insurance, in order to protect the facilities and the traveling public. While B&B proponents contend that B&Bs are private homes, they are open to members of the public who deserve the same level of protection they already have at hotels and motels operating in the State.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.