

Legislative Analysis



ROOM TAX EXEMPTION FOR NONPROFITS

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House Bills 6396 and 6397
Sponsor: Rep. Michael Sak
Committee: Commerce

Complete to 12-11-08

A REVISED SUMMARY OF HOUSE BILLS 6396 AND 6397 AS INTRODUCED 9-3-08

Each of the bills would exempt certain nonprofit corporations from having to pay room taxes levied under two hotel-motel room assessment statutes in cases where the accommodation or occupancy was "in furtherance of the charitable purposes" of the nonprofit. The bill applies to nonprofits exempt from taxation under Section 501(c)(3) or 501(c)(4) of the federal Internal Revenue Code.

House Bill 6396 would amend the Convention and Tourism Promotion Act (MCL 141.1323a), which was enacted in 2007 and allows certain convention and tourism bureaus to levy an additional assessment of up to two percent on hotel and motel rooms to support marketing and promotion programs. This assessment is in addition to other assessments the eligible bureaus are can levy under other acts. Assessment revenues are not state funds. (The act is understood to apply to Kent County and Greater Lansing.)

House Bill 6397 would amend Public Act 263 of 1974, sometimes referred to as the Accommodations Tax Act (MCL 141.862). This act allows a room assessment of up to five percent and applies to counties with a population of under 600,000 that contain a city of 40,000 people or more. (Counties understood to be currently levying this assessment are Calhoun, Genesee, Ingham, Kalamazoo, Kent, Muskegon, Saginaw, and Washtenaw.)

FISCAL IMPACT:

These bills would have no State fiscal impact. The local units specified above would have a local revenue reduction to the extent nonprofits occupied rooms for charitable purposes.

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