

SENATE BILL NO. 880

February 17, 2022, Introduced by Senator ANANICH and referred to the Committee on Economic and Small Business Development.

A bill to provide for registry, promotion, and regulation of certain short-term rentals and hosting platforms; to create certain databases; to provide for imposition and collection of a statewide excise tax; to provide for the disbursement of the excise tax; to establish the functions and duties of certain state departments and employees and certain local units of government; and to prescribe penalties and remedies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act may be cited as the "short-term rental
2 regulation act".

3 Sec. 2. As used in this act:

1 (a) "Booking transaction" means when a hosting platform, in
2 exchange for compensation, facilitates a short-term rental
3 transaction by directly or indirectly enabling the reservation of a
4 short-term rental or collecting or processing occupancy charges.

5 (b) "Carbon monoxide detector" means a device that detects
6 carbon monoxide and alerts occupants via a distinct and audible
7 signal that is either self-contained in the unit or activated via a
8 system connection.

9 (c) "Department" means the department of licensing and
10 regulatory affairs.

11 (d) "Director" means the director of the department.

12 (e) "Hosting platform" means service through a digital
13 platform, third-party website, software, online-enabled
14 application, mobile phone application, or some other similar
15 electronic process that allows all of the following for a short-
16 term rental located in this state:

17 (i) Advertisement, listing, or offer of the short-term rental
18 as available.

19 (ii) Collection of occupancy fees.

20 (iii) Arranging, booking, reserving, or renting of the short-
21 term rental by a person.

22 (f) "Local unit of government" means a city, township, or
23 village.

24 (g) "Occupancy charge" means the charge imposed for the use or
25 occupancy of a short-term rental, excluding charges for food,
26 beverages, state use tax, telephone service, cleaning fees, service
27 fees, damage deposit or insurance, or like services paid in
28 connection with the charge, and reimbursement of the excise tax
29 imposed by this act.

1 (h) "Owner" means the owner of a short-term rental located
2 within this state.

3 (i) "Short-term rental" means the rental of a single-family
4 residence, a dwelling unit in a 1-to-4-family house, or any unit or
5 group of units in a condominium unit, for terms of not more than 30
6 consecutive days.

7 (j) "Short-term rental database" means the short-term rental
8 database created in section 3.

9 (k) "Short-term rental excise tax" or "excise tax" means the
10 short-term rental excise tax assessed on each short-term rental
11 occupancy charge under section 6.

12 (l) "Smoke detector" means a device, either battery operated or
13 electrical, that detects visible or invisible particles of
14 combustion.

15 (m) "Use tax" means the tax imposed under the use tax act,
16 1937 PA 94, MCL 205.91 to 205.111.

17 Sec. 3. (1) The department shall create and operate a short-
18 term rental database, updated each year, with the information
19 provided in subsection (2).

20 (2) Each year in which a dwelling is offered for short-term
21 rental, the owner shall file with the department a certificate that
22 provides all of the following:

23 (a) Name and address of the owner of the short-term rental.

24 (b) Address of the short-term rental.

25 (c) Certification that the owner has \$1,000,000.00 or more
26 liability insurance on the short-term rental.

27 (3) The director shall prescribe forms necessary for the
28 administration of the short-term rental database.

29 (4) Upon lawful request, the department shall share the

1 information provided under subsection (2) with the local unit of
2 government where the short-term rental is located. If the
3 department shares that information provided under subsection (2)
4 pursuant to this subsection, the department shall also report the
5 number of complaints received by the department against an owner
6 for a violation of this act and the action taken in response to the
7 complaint, including any investigation to verify the complaint.

8 Sec. 4. An owner of a short-term rental shall maintain
9 liability insurance of \$1,000,000.00 or more on each short-term
10 rental while it is being offered for rent unless that short-term
11 rental is offered through a hosting platform that maintains equal
12 or greater insurance coverage. Insurance coverage described in this
13 section must defend and indemnify the owners and any tenants in the
14 short-term rental for bodily injury and property damage.

15 Sec. 5. An owner of a short-term rental shall not offer a
16 dwelling for short-term rental unless the dwelling is equipped with
17 all of the following functional equipment:

18 (a) Carbon monoxide detector that may be battery-powered,
19 plug-in with or without battery backup, wired into the property's
20 AC power line with secondary battery backup, or connected to a
21 system by means of a control panel.

22 (b) Smoke detector.

23 (c) Fire extinguisher.

24 Sec. 6. (1) A statewide excise tax known as the short-term
25 rental excise tax is levied on the charge for use or occupancy of a
26 short-term rental in this state. The rate of the short-term rental
27 excise tax is 5% of the occupancy charge.

28 (2) The excise tax imposed under this act must be collected at
29 the same time and in the same manner as the tax imposed by the use

1 tax act, 1937 PA 94, MCL 205.91 to 205.111.

2 Sec. 7. (1) The excise tax imposed under this act must be
3 administered by the state treasurer under 1941 PA 122, MCL 205.1 to
4 205.31.

5 (2) The state treasurer shall prescribe the forms necessary
6 for the administration of this act and may promulgate necessary
7 rules under the administrative procedures act of 1969, 1969 PA 306,
8 MCL 24.201 to 24.328.

9 (3) The excise tax imposed under this act is in addition to
10 any other tax, fee, or assessment imposed by law.

11 (4) Proceeds from the collection of the excise tax imposed
12 under this act must be deposited into the general fund.

13 Sec. 8. An owner of a short-term rental may reimburse himself
14 or herself by adding the amount of the excise tax to the occupancy
15 charge charged to short-term rental guests only if the owner
16 discloses it on the bill or receipt provided to the short-term
17 rental guest.

18 Sec. 9. (1) An owner of a short-term rental that violates this
19 act is responsible for a civil fine and may be ordered by the
20 department to pay a civil fine of not more than \$1,000.00 for each
21 violation.

22 (2) A hosting platform that violates this act is responsible
23 for a civil fine and may be ordered by the department to pay a
24 civil fine of not more than \$5,000.00 for each violation.

25 Sec. 10. (1) A hosting platform shall not facilitate booking
26 transactions for a short-term rental located in this state unless
27 the hosting platform is currently and validly registered with the
28 department under this section. The department may issue a
29 registration number to each hosting platform that does all of the

1 following:

2 (a) Meets the requirements of this act and its related rules.

3 (b) Pays an annual registration fee to be determined by the
4 director. The annual registration fee must be an amount equal to
5 \$100.00 per listing, not to exceed \$50,000.00 per year as
6 determined by the department.

7 (c) Agrees in writing to obtain written consent from all
8 owners of a short-term rental located in this state for the
9 disclosure of the records required under subsection (4) to the
10 state treasurer.

11 (2) A hosting platform shall not facilitate booking
12 transactions for a short-term rental located in this state unless
13 the owner of the short-term rental has filed with the department
14 the certificate required under section 3(2).

15 (3) The department shall adopt by rule, and enforce, standards
16 for the issuance, renewal, suspension, revocation, and appeal of
17 hosting platform registration, as well as standards for service of
18 process, notice, and demand.

19 (4) Notwithstanding any other provision of law or
20 administrative action to the contrary, a hosting platform shall do
21 all of the following:

22 (a) Develop and maintain a report, in a manner and form
23 established by the state treasurer, of short-term rental booking
24 transactions facilitated by the hosting platform in connection with
25 short-term rentals located in this state. The report required under
26 this subdivision must include the following records itemized for
27 each individual short-term rental booking transaction:

28 (i) Address, including any unit designation, of the short-term
29 rental.

1 (ii) The full legal name of the owner.

2 (iii) The calendar dates that the short-term rental was rented,
3 along with the nightly rate and any taxes or assessments collected.

4 (iv) The amount of the hosting platform's compensation for
5 facilitating the booking transaction.

6 (v) Any additional records as the state treasurer may require
7 by rule to enforce the payment of the excise tax.

8 (b) Subject to applicable laws, provide the state treasurer
9 monthly with the report's itemized records for all booking
10 transactions facilitated in the preceding month.

11 (c) Subject to applicable laws and except as provided under
12 this subdivision, make the full report described under subdivision

13 (a) available to the state treasurer when requested by the
14 treasurer. A report version made available to the treasurer must
15 not include copies of specific message exchanges between any of the
16 following:

17 (i) Hosting platform.

18 (ii) Owner.

19 (iii) Guest.

20 (iv) Other person that booked a short-term rental.

21 (d) Maintain itemized records within the report for a period
22 of 3 years following the end of the calendar year in which the
23 individual short-term rental booking transaction occurred.

24 (5) The state treasurer may audit a hosting platform's report
25 and its itemized records as necessary.

26 Sec. 11. (1) A local unit of government may enact reasonable
27 regulations regarding 1 or more of the following for short-term
28 rentals to safeguard the public health and safety:

29 (a) Noise.

1 (b) The number of individuals who may occupy a short-term
2 rental at a specific time.

3 (c) Property maintenance.

4 (d) Health and sanitation.

5 (e) Traffic control.

6 (f) Solid and hazardous waste and pollution control.

7 (g) Designation of an emergency contact for the short-term
8 rental and availability of the owner or owner-agent within a
9 specified distance of the short-term rental. As used in this
10 subdivision, "owner-agent" means a person who operates or manages
11 property offered for short-term rental.

12 (h) Registration and inspection to determine health and safety
13 compliance.

14 (i) A fee, not to exceed the actual direct expense for
15 administration of registration and inspection.

16 (2) A regulation enacted pursuant to subsection (1) must not
17 do either of the following:

18 (a) Restrict the use of short-term rentals.

19 (b) Conflict with a zoning ordinance or the Michigan zoning
20 enabling act, 2006 PA 110, MCL 125.3101 to 125.3702.

21 Enacting section 1. This act does not take effect unless House
22 Bill No. 4722 of the 101st Legislature is enacted into law.