

METRO DETROIT CONVENTION TOURISM ASSESSMENT

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House Bill 6166 as enacted

Public Act 235 of 2024

Sponsor: Rep. Tyrone Carter

House Committee: Government Operations

Senate Committee: Government Operations [Discharged]

Complete to 1-23-25

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 6166 amends the Convention and Tourism Marketing Act, which allows an eligible travel and convention bureau in Wayne County to levy an assessment on charges for guest rooms at hotels and motels in the metro Detroit area (Wayne, Oakland, and Macomb Counties) that have at least 35 rooms, to pay the costs of the bureau's marketing program for the area.

The bill increases the maximum allowable assessment from 2% to 3% beginning April 2, 2025; then to 3.5% beginning January 1, 2025; and then to 4% beginning January 1, 2031.

Assessments under the Convention and Tourism Marketing Act are subject to referendum if requested by 40% of the owners of guest rooms subject to the assessment or by the owners of 40% of such rooms. If a referendum is called, each owner gets one vote per room.

These assessments are generally passed on to hotel or motel customers and itemized on their bill for a stay.

MCL 141.883

BRIEF DISCUSSION:

The Convention and Tourism Marketing Act is similar to these other Michigan laws that also provide for assessments on hotel or motel rooms to fund tourist bureaus and regional marketing efforts:

- The Community Convention or Tourism Marketing Act, which allows an assessment of up to 5% on room charges at hotels and motels with at least 10 rooms in a county other than Wayne, Oakland, Macomb, or Kent or in a city, village, or township in such a county (except for any part of a municipality that is already subject to an assessment under the Convention and Tourism Marketing Act).
- The Convention and Tourism Promotion Act, which allows an assessment of up to 2% on room charges at hotels and motels in Kent County or in the greater Lansing area that have at least 35 rooms.
- The Regional Convention and Tourism Promotion Act, which allows an assessment of up to 5% on room charges at hotels and motels in Bay County or in Midland County that have two or more guest rooms.
- The Regional Tourism Marketing Act, which allows an assessment of up to 1% on rooms in facilities with 10 or more guest rooms in the Upper Peninsula.

Visit Detroit¹ receives the revenue from assessments under the Convention and Tourism Marketing Act and uses it to promote the metro Detroit area as a tourist destination and an attractive location for holding conventions, business meetings, and such events as the NFL Draft that took place in Detroit in 2024. (According to House committee testimony, 92% of the bureau's revenue is directed toward those marketing efforts, with the remaining 8% going to its overhead costs.)

Supporters of the bill argued that increasing the maximum assessment under the act will help generate revenue that can then be used to draw more tourists, conventions, and events to Southeast Michigan, which in turn will generate more hotel and motel assessments, and so on, with benefits not only to the region, but also to the entire state. Supporters noted that, as described above, some similar assessments that are used to promote regional tourist markets elsewhere in Michigan are capped at 5%. The bill's eventual maximum of 4% will bring assessments in the Detroit area nearer to that level. According to committee testimony, the bill's 4% rate is also comparable to similar taxes or assessments in other large Midwestern cities (such as Cincinnati, Columbus, and Chicago) that might be considered Detroit's competition in the tourist market.

While no arguments opposing the bill were presented in House committee, in the past some have characterized these assessments as a tax that business owners are compelled to pay regardless of whether they want to belong to a tourist association or want the advertising the assessments pay for.

FISCAL IMPACT:

House Bill 6166 could increase revenues for an eligible bureau in Wayne County (Visit Detroit) if the bureau adopted an increase in assessment fees authorized under the bill. Based on the most recently reported assessment revenues, the 2% assessment generated approximately \$18.0 million in revenue. An increase in the assessment fee to 3.5% could generate approximately \$13.5 million in additional revenue. Put another way, for each 0.1 percentage point increase in the assessment, approximately \$900,000 in revenue would be generated, based on the most recently reported assessment revenues.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.

¹ <https://visitdetroit.com/>