

15 April 2023

Marc D. Florian
Lincon Charter Township Trustee & Planning Commission Member
3692 North Lake Path
Stevensville (Berrien County), Michigan 49127

Committee on Local Government and Municipal Finance
Michigan House of Representatives
Attn: Milly Wingrove, Committee Clerk
PO Box 30014
Lansing, Michigan 48909

Subject: House Bill 5438 - Regulation of Certain Short-term Rentals and Hosting Platforms

Mr. Chairman and committee members;

I am writing in opposition to HB5438. As an elected Lincoln Charter Township (LCT) trustee of nearly 30 years, a LCT Planning Commission (PC) member, licensed Michigan real estate broker and Short Term Rental (STRental) owner, I believe I offer a unique perspective on this matter.

In LCT we have a long history of dealing with short-term rentals and have adopted a set of regulations limiting occupancy, noise, parking and nuisance that are supported by our community. And, while HB5438 purports to offer some new or expanded local control, the members of our PC don't see a whole lot here beyond the imposition of a six-percent excise tax; which (I might add) in addition to the six-percent use tax obligation already applicable to STRental owners, is more than the sum of tax and assessments imposed upon hotels and motels in this community. I would also note that with the other nine bills HB5438 is tie-barred to, STRental owners will now be subject to additional assessments (often referred to as "accommodation taxes") of another 5% or more in order to support various convention, tourism, and convention center/stadium financing programs. Therefore, instead of STRentals being taxed and assessed at the same level as traditional lodging facilities (11% in our community), these bills will subject the owners of STRentals in our community to 17% in combined use, excise and accommodation taxes, effectively putting the owners of STRentals at a competitive disadvantage, and discouraging the inflow of commerce into our community and into this state.

And, while the "accommodation tax" imposed upon hotels and motels is collected and managed here in our community by the SW Michigan Tourist Council (a travel bureau/destination marketing organization) where it is to be used locally for the promotion of tourism, we are concerned that the additional "excise tax" and "registration fees" contemplated in HB5438 for STRentals and hosting platforms will be collected by the State, with only a portion of which (an as yet undefined portion) being allocated back to the communities in which the ST Rentals are located, and where (incidentally) the purpose for their use is also undefined.

And finally, in this era of 'transparency' we also question why certain STRentals, including those located within resorts that offer amenities such as golf, a skiing restaurant facility, or group meeting

accommodations are exempt from the additional taxes and other regulations imposed under HB5438.

What is clear is that STRental owners are likely to receive little or no voice in how tourism is promoted in their communities, especially given the disparity in voting privileges contemplated in the various accommodation tax bills that are tie-barred to HB5438, nor will they receive any benefit from this new 6% excise tax. And as far as we can tell, the neighbors of STRental properties and other concerned citizens will receive no additional benefit, either. And, finally, uncertainty exists as to what benefit might accrue to local units of government who (like LCT) can already create their own databases of ST Rentals, charge annual registration fees and impose regulations without any new authority.

Our thoughts on this matter notwithstanding, we reached out to a number of other local elected officials from southwest Michigan who share our PC's concern for similar and other reasons. We also reached out to a handful of organizations representing the realtors, the hospitality industry and convention and tourism bureaus across the state, including the Michigan Restaurant and Lodging Association, the Michigan Association of Realtors, and the Michigan Convention and Visitors Bureaus Association who, we have learned, along with Airbnb and other hosting platforms are expected to express their opposition to this bill, as well.

Therefore, while we support Representative Andrews' efforts to balance the rights of STRental owners with local government oversight, we don't think this bill is it, and we encourage all stakeholders to come back to the table and work toward a better solution.

Respectfully,

A handwritten signature in black ink, appearing to read 'Marc D. Florian', with a stylized flourish at the end.

Marc D. Florian
Lincoln Charter Township Trustee & Planning Commission Member