

29 April 2024

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. However, as an elected local official of nearly 30 years, a planning commission member, licensed Michigan real estate broker and Short-Term Rental (STRental) owner, **I would like to offer what I believe to be an effective and equitable compromise** to several key issues.

The fact is communities throughout Michigan benefit from the State's tourism campaign; a campaign that is funded largely through the assessment of 'accommodation taxes' on hotels/motels. Clearly, the owners of STRentals have been among the beneficiaries of this campaign as well, although they have thus far not been the subject of these assessments.

Regrettably, the unintended consequences of this campaign's success have manifested themselves in the very communities it was meant to benefit. However, for any local government official to suggest that these consequences, including excessive demands on infrastructure, parking, noise and general nuisance are somehow all due to STRentals is simply ridiculous.

Notwithstanding the question of whether a STRental is a commercial enterprise or whether a local community has the right to 'ban' such an enterprise in a residential district, communities in which STRentals are located need to exercise the authorities they already have and address the situations giving rise to their STRental concerns. I say this as an elected local official in a lakefront community having a long history of dealing with STRentals and an effective set of regulations controlling their use. To any community in which a single-family residence is being rented to a group of 18 people, whose cars are overflowing into the lawn areas or street, and whose noise is a disturbance to neighbors, I say they look to your local ordinance and enforce the same. These communities do not need State intervention or any more legislative authority to do so, nor (incidentally) does HB5438 provide such authority – it is already vested in local government. These communities are simply looking to the State to provide a source of unrestricted tax revenue that vilifies STRentals while masking their own budgetary shortcomings. It is a ruse.

To suggest that STRentals are solely to blame for the over-crowding of parks, beachfronts, streets and a myriad of infrastructure failures for which they (and only they) should become the source of additional tax revenue is also absurd. And, to simultaneously suggest that STRentals be subjected to the same accommodation tax as hotels/motels for the sole purpose of marketing additional tourism within the very communities that are already shuddering from the burdens of tourism being generated from this tax is equally ludicrous. The two notions are juxtaposed and entirely hypocritical.

Perhaps, the solution would be to **subject STRentals to the same accommodation tax as hotels/motels, thereby achieving parity, and to expand the use of those funds to address the additional burdens ostensibly being experienced by local units of government** as a result of the very tourism that is being promoted.

When you think about it, it is a bit ironic. The accommodation tax is imposed for the purpose of garnering tourism. Now we have it (tourism), but we (the local units of government) don't necessarily want all the troubles that come with it.

As the owner of an STRental, I am not opposed to establishing parity between hotels/motels and STRentals in terms of taxes and assessments, and I think most STRental owners would agree. But to add an excise tax and elevate the burden on STRentals to upwards of 17% when hotels/motels are at roughly 11% is not only heavy-handed, but borderline usury. Once again, **perhaps the solution does not involve a new excise tax at all, but rather to amend PA 395 (the Act under which most Convention and Visitors Bureaus receive their accommodation tax) by: 1) adding STRentals to the definition of 'transient facilities' for which the accommodation tax would apply, and 2) by affording some local control over how those funds are allocated and spent.**

The proponents of HB5438 and the tie-barred package of other bills are already suggesting that the use of the accommodation tax funds be expanded to provide for such (non-tourism) needs as housing and childcare. I suggest that local units be given some expanded control on how these dollars are spent in their communities instead of simply requiring their reinvestment into the promotion/marketing of tourism, which ironically seems to be the very thing that is causing much of the problem.

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