

A RESOLUTION APPROVING THE FOLLOWING CHANGES TO THE WASHTENAW COUNTY ACCOMMODATION ORDINANCE: (1) INCREASING THE ACCOMMODATION EXCISE TAX FROM 2% TO 5%; AND (2) IMPLEMENTING OTHER MINOR "CLEAN-UP" CHANGES

WASHTENAW COUNTY BOARD OF COMMISSIONERS

December 3, 2008

WHEREAS, under Michigan law (MCLA 141.861 et seq), counties having a population of less than 600,000 people, with a city of at least 40,000 people, may enact an ordinance to levy, assess and collect an excise tax of not more than 5% from all persons engaged in the business of providing rooms for dwelling, lodging or sleeping purposes to transient guests; and

WHEREAS, the main purpose of the collected accommodation excise taxes is to promote tourism and convention business within the county where the tax is assessed; and

WHEREAS, in 1975, the Washtenaw County Board of Commissioners approved an Accommodations Ordinance ("Ordinance") which provided, in part, that operators of businesses which provided rooms for dwelling, lodging or sleeping to transient guests were to be assessed a 2% excise tax for each room rented; and

WHEREAS, the Ordinance also created the Washtenaw County Accommodations Ordinance Commission as the governing board to oversee the Ordinance; and

WHEREAS, under the Ordinance, the County Treasurer is responsible to collect the accommodations excise tax and to collect those excise taxes which are delinquent; and

WHEREAS, the Ordinance also provides that the County may contract with outside non-profit entities to carry out the purposes of the Ordinance; and

WHEREAS, the County currently contracts with the Ann Arbor Area Convention and Visitors Bureau ("AAACVB") and the Ypsilanti Area Convention and Visitors Bureau ("YACVB") to spend the bulk of the collected accommodation excise tax to promote tourism and conventions within the County; and

WHEREAS, the collected accommodation excise taxes are divided as follows: (1) 5% of the entire collected amount to the County to pay for the cost of administering and enforcing the Ordinance; (2) the remainder of the funds split with 75% going to the AAACVB and 25% going to the YACVB; and

WHEREAS, a canvas of other similarly situated counties throughout Michigan that have adopted an Accommodation Ordinance reveals that each of these counties levies the maximum 5% excise tax permitted by law; and

WHEREAS, County Administration, the AAACVB, YACVB, Accommodation Ordinance Commission and 25 civic, governmental and business groups are all recommending that the Board of Commissioners increase the accommodations excise tax in the Ordinance from 2% to 5%; and

WHEREAS, the proposed increase in the accommodations excise tax would generate approximately \$2.3 million dollars in additional funding to be used by the AAACVB and the YACVB to promote tourism and convention business with the County; and

WHEREAS, the AAACVB and the YACVB have both produced "Economic Stimulus Plans" which provide how these entities have spent and will spent the collected accommodation excise taxes to further tourism and convention business within the County; and

WHEREAS, it is also proposed that the Board of Commissioners approve other changes to the Ordinance, which includes updating certain portions of the Ordinance which are no longer relevant and providing general "clean-up" changes as necessary.

NOW THEREFORE, BE IT RESOLVED that the Washtenaw County Board of Commissioners approves the following changes to the Washtenaw County Accommodations Ordinance: (1) increase the accommodations excise tax from 2% to 5%; and (2) provide updates and "clean-up" in the verbiage of the Ordinance as necessary, all of which are reflected on the "Amended Washtenaw County Accommodation Ordinance" which is attached to this Resolution.

BE IT FURTHER RESOLVED that because Michigan's Accommodation Ordinance legislation (MCLA 141.861 et seq), specifically states that any ordinance or amended ordinance does not become effective before the first day of the month following 60 days after the ordinance or amended ordinance is approved, the "Amended Washtenaw County Accommodations Ordinance" shall not become effective until March 1, 2009.

BE IT FURTHER RESOLVED that the current version of Washtenaw County's Accommodation Ordinance remains in full force and effect until March 1, 2009, at which time the "Amended Washtenaw County Accommodation Ordinance" shall become effective.