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Michigan should not punish short-term rentals

Lawmakers debate a variety of penalties

By Jarrett Skorup | June 2026

Michigan's tourism economy depends on giving visitors places to stay. Hotels, bed-and-breakfasts, cottages, cabins and homes all play a role. In Michigan, many communities are built around tourism, and in others the economy is changing — for the better — as travel helps revitalize our towns.

The rise and expansion of short-term rentals is an important part of this. Families can more easily afford trips and stay where and how they want, while homeowners can earn some extra money. Right now, local governments are increasingly banning, licensing or otherwise restricting this market, and state lawmakers are considering a variety of bills.

House Bills 5138-5140 (and a mirror bill in the Senate, SB 965) would equalize and clarify the taxes paid by short-term rentals with hotels and bed-and-breakfast facilities. Some of this revenue would go to the state,

while other parts would go back to local government of entities. This would ensure equal treatment in taxes.

Senate Bill 983 is more concerning. It allows local governments to impose a 3% excise tax on short-term rental stays. This tax would not apply to areas with tourism bureaus. Lawmakers are trying to solve a real political problem: Some communities complain about the costs of tourism and want to levy a tax on visitors. Giving local governments a direct financial incentive to allow lodging may be better than outright bans or arbitrary caps.

House Bill 6026 is worse and should be rejected. It would treat short-term rentals as a special target for taxation and regulation. It taxes them at twice the rate (12%) of hotels (6%) - so a family renting their cottage pays a rate twice as much as a large hotel nearby. The bill would create a statewide database where short-term rental hosts must list publicly their names,

phone numbers, email and home addresses as well as other private business and personal details.

That is not reasonable oversight. It is an attempt to burden one part of the lodging market with rules designed to make it harder to operate.

Michigan should not punish homeowners for offering visitors another option. Nor should it protect hotels from competition by burying short-term rentals under taxes and paperwork. Tourism is very important to the Michigan economy, and lawmakers

should ensure that the people accommodating tourists are treated equally.

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