



A BETTER SOLUTION

For Taxing Short-Term Rental Cabins and Condos

Cook County Chamber of Commerce

STRUGGLING TO SURVIVE, TOURIST COMMUNITIES FACE HARMFUL NEW TAX INCREASES

While Minnesota’s tourism industry is at risk of a depression-like business loss, some county assessors are reclassifying cabins and condos that are occasionally rented to vacationers as commercial properties. In most cases, **this will double or even triple taxes** on individual property owners.

As COVID-19 upends our daily lives, we are entering the heart of tourism season, which depends on people’s ability to move around. We don’t know when Minnesotans can travel again or how many will be able to take vacations.

Last year, the Minnesota Department of Revenue advised that vacation homes shared with renters should be regarded as commercial businesses. This new tax interpretation will:

- Force owners of short-term rental property to quit renting, raise prices or sell
- Depress real estate values at tourist destinations
- Jeopardize jobs and local businesses
- Make it less affordable for Minnesotans to travel if stay-at-home orders are lifted

SOLUTION: FAIR TAX RATE PRESERVES OUR QUALITY OF LIFE

It’s fair to ask cabin and condo owners to pay a little more in property taxes if they receive rental income, but we shouldn’t tax them as if they were full-time businesses, especially when local tourist communities face so much economic uncertainty.



We are advocating legislation that would create a new tax class for short-term rental properties that would tax them at a similar rate as long-term rental.

Under this bill, the tax rate for short-term rentals will be 1.25. The properties would be taxable for referendum market value levies for local schools. **Learn more about our proposal:**

House File 3826: Chief Author – Rep. Rob Ecklund (DFL-International Falls)

Senate File 3931: Chief Author – Sen. Tom Bakk (DFL-Cook)

Over



KEEPING A MINNESOTA TRADITION STRONG

Generations of families travel across Minnesota to enjoy the great outdoors. Owning a cabin has been a realistic goal for families because they can cover some of the costs of ownership by sharing their property with tourists who prefer renting.

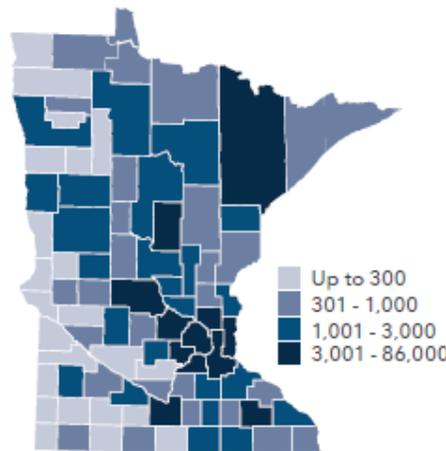
All Minnesotans benefit from this:

- Owning a cabin is part of the Minnesota dream for a state with an estimated 124,000 vacation properties
- Renting cabins and condos provides lodging options for people who can't afford a cabin or choose not to own one
- More options for lodging attract more tourists to support local economies



ECONOMIC IMPACT

Outside the Twin Cities, tourism is a \$5 billion industry. Short-term rental properties provide a variety of lodging options that strengthen Minnesota's tourist communities. Across the state, there are more than **270,000 full- and part-time leisure and hospitality jobs.**



Leisure and
Hospitality
Jobs By
County

Source: Explore Minnesota

TO LEARN MORE



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