

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 1607
Version: As introduced

DATE: March 18, 2013

Authors: Simonson

Subject: Local Lodging Tax

Analyst: Joel Michael, joel.michael@house.mn
Pat Dalton, 651-296-7434

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/hrd.htm.

This bill clarifies that all local lodging taxes, whether authorized under general law (Minn. Stat. § 269.190) or special law, are imposed on the same tax base as lodging taxes collected by the Department of Revenue (DOR). Under present law, it is clear that taxes collected by DOR apply to the same tax base as the state sales tax on lodging and related services. As a result, these taxes apply to the full price or consideration for the lodging, including intermediary services (e.g., for online booking services). The same is less clear with regard to the tax under section 469.190 and some special law lodging taxes that are collected by political subdivisions (rather than DOR). The bill clarifies that all of these taxes are to be treated consistently.

Effective date: Day following final enactment and states the legislature intends to confirm its original intent to apply these taxes to the full price or compensation paid for access to short-term lodging.