A bill for an act

relating to taxation; modifying and standardizing the definition of lodging for lodging tax purposes; amending Minnesota Statutes 2006, section 469.190, subdivision 1; Laws 1969, chapter 1092, section 2, subdivision 4; Laws 1980, chapter 511, section 2, as amended; Laws 1982, chapter 523, article 25, section 1, as amended; Laws 1986, chapter 396, section 5, as amended; Laws 1986, chapter 462, section 31, as amended; Laws 1990, chapter 604, article 6, section 9, subdivision 1, as amended; Laws 2002, chapter 377, article 3, section 25, subdivision 1.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2006, section 469.190, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** Notwithstanding section 477A.016 or any other law, a statutory or home rule charter city may by ordinance, and a town may by the affirmative vote of the electors at the annual town meeting, or at a special town meeting, impose a tax of up to three percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more. A statutory or home rule charter city may by ordinance impose the tax authorized under this subdivision on the camping site receipts of a municipal campground. For purposes of this section, "lodging" means the consideration paid for the use of a sleeping room or space and does not include separately itemized charges for items and services such as pay-per-view television, video games, in-room safes, exercise equipment, refrigerators, cots, cribs, rollaway beds, room service, babysitting, telecommunications, laundry, or dry cleaning.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2007.

Sec. 2. Laws 1969, chapter 1092, section 2, subdivision 4, is amended to read:

Subd. 4."Transient lodging tax" means a tax on the consideration paid for lodging ~~and related services~~ by a hotel, tourist court, motel or trailer camp and for the granting of any similar license to use real property other than the renting or leasing thereof for a continuous period of 30 days or more. "Lodging" means the consideration paid for the use of a sleeping room or space and does not include separately itemized charges for items and services such as pay-per-view television, video games, in-room safes, exercise equipment, refrigerators, cots, cribs, rollaway beds, room service, babysitting, telecommunications, laundry, or dry cleaning.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2007.

Sec. 3. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389, article 8, section 26, and Laws 2003, First Special Session chapter 21, article 8, section 12, is amended to read:

Sec. 2. **CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND MOTELS.**

Notwithstanding Minnesota Statutes, Section 477A.016, or any other law, or ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional tax of one and one-half percent upon the gross receipts from the sale of lodging for periods of less than 30 days in hotels and motels located in the city. "Lodging" means the consideration paid for the use of a sleeping room or space and does not include separately itemized charges for items and services such as pay-per-view television, video games, in-room safes, exercise equipment, refrigerators, cots, cribs, rollaway beds, room service, babysitting, telecommunications, laundry, or dry cleaning. When the city council determines that the taxes imposed under this section and section 25 at a rate of one-half of one percent have produced revenue sufficient to pay (1) the debt service on bonds in a principal amount of $8,000,000 issued for capital improvements for the Duluth Entertainment and Convention Center, and (2) the debt service on outstanding bonds originally issued in the principal amount of $4,970,000 to finance capital improvements to the Great Lakes Aquarium since the imposition of the taxes at the rate of one and one-half percent, the rate of the tax under this section is reduced to one percent. The tax shall be collected in the same manner as the tax set forth in the Duluth city charter, section 54(d), paragraph one. The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2007.

Sec. 4. Laws 1982, chapter 523, article 25, section 1, as amended by Laws 1986, chapter 462, section 28, is amended to read:

Section 1. **HOTEL AND MOTEL TAX.**

A tax, supplemental to the general sales tax imposed by Minnesota Statutes, Chapter 297A, is imposed on transient lodging in the city of St. Paul at a rate equal to three percent of the consideration paid for lodging ~~and related services~~ by a hotel, rooming house, tourist court, motel or trailer camp or for the granting of any similar license to use real property. "Lodging" means the consideration paid for the use of a sleeping room or space and does not include separately itemized charges for items and services such as pay-per-view television, video games, in-room safes, exercise equipment, refrigerators, cots, cribs, rollaway beds, room service, babysitting, telecommunications, laundry, or dry cleaning. The tax does not apply to a rental or lease for 30 or more days continuously. This tax supersedes any similar tax imposed pursuant to city charter. The tax shall be collected by and its proceeds paid to the city. Twenty-five percent of the revenues generated by the tax shall be used for the payment of the bonds and any interest or premium on the bonds authorized by section 2. Seventy-five percent of the revenues generated by the tax shall be deposited in the city's general fund.

Sec. 5. Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article 12, section 87, is amended to read:

Sec. 5. **LIQUOR, LODGING, AND RESTAURANT TAXES.**

The city may, by resolution, levy in addition to taxes authorized by other law:

(1) a sales tax of not more than three percent on the gross receipts on retail on-sales of intoxicating liquor and fermented malt beverages described in section 473.592 occurring in the downtown taxing area, provided that this tax may not be imposed if sales of intoxicating liquor and fermented malt beverages are exempt from taxation under chapter 297A;

(2) a sales tax of not more than three percent on the gross receipts from the furnishing for consideration of lodging described in section 473.592 by a hotel or motel which has more than 50 rooms available for lodging; the tax imposed under this clause shall be at a rate that, when added to the sum of the rate of the sales tax imposed under Minnesota Statutes, chapter 297A, the rate of the sales tax imposed under section 4, and the rate of any other taxes on lodging in the city of Minneapolis, equals 13 percent; and

(3) a sales tax of not more than three percent on the gross receipts on all sales of food primarily for consumption on or off the premises by restaurants and places of refreshment as defined by resolution of the city that occur within the downtown taxing area.

For purposes of this section, "lodging" means the consideration paid for the use of a sleeping room or space and does not include separately itemized charges for items and services such as pay-per-view television, video games, in-room safes, exercise equipment, refrigerators, cots, cribs, rollaway beds, room service, babysitting, telecommunications, laundry, or dry cleaning. These taxes shall be applied solely to pay costs of collection and to pay or secure the payment of any principal of, premium and interest on any bonds or any costs referred to in section 4, subdivision 3. The commissioner of revenue may enter into appropriate agreements with the city to provide for the collection of these taxes by the state on behalf of the city. The commissioner may charge the city a reasonable fee for its collection from the proceeds of any taxes. These taxes shall be subject to the same interest penalties and enforcement provisions as the taxes imposed under section 473.592.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2007.

Sec. 6. Laws 1986, chapter 462, section 31, as amended by Laws 1991, chapter 291, article 8, section 24, is amended to read:

Sec. 31. **AUTHORITY FOR TAXATION.**

Notwithstanding Minnesota Statutes, section 477A.016, or any other law, and supplemental to the tax imposed by Laws 1982, chapter 523, article 25, section 1, the city of St. Paul may impose, by ordinance, a tax, at a rate not greater than three percent, on the gross receipts from the furnishing for consideration of lodging at a hotel, rooming house, tourist court, motel, or resort, other than the renting or leasing of space for a continuous period of 30 days or more. The tax does not apply to the furnishing of lodging by a business having less than 50 lodging rooms. "Lodging" means the consideration paid for the use of a sleeping room or space and does not include separately itemized charges for items and services such as pay-per-view television, video games, in-room safes, exercise equipment, refrigerators, cots, cribs, rollaway beds, room service, babysitting, telecommunications, laundry, or dry cleaning. The tax shall be collected by and its proceeds paid to the city. Ninety-five percent of the revenues generated by this tax shall be used to fund a convention bureau to market and promote the city as a tourist or convention center.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2007.

Sec. 7. Laws 1990, chapter 604, article 6, section 9, subdivision 1, as amended by Laws 1991, chapter 291, article 8, section 25, and Laws 2002, chapter 377, article 3, section 20, is amended to read:

Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190, 477A.016, or other law, in addition to the tax authorized in Laws 1986, chapter 391, section 4, the governing body of the city of Bloomington may impose a tax of up to two percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more, located in the city. "Lodging" means the consideration paid for the use of a sleeping room or space and does not include separately itemized charges for items and services such as pay-per-view television, video games, in-room safes, exercise equipment, refrigerators, cots, cribs, rollaway beds, room service, babysitting, telecommunications, laundry, or dry cleaning. The city may agree with the commissioner of revenue that a tax imposed under this section shall be collected by the commissioner together with the tax imposed by Minnesota Statutes, chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city. The proceeds of the tax must be used by the Bloomington convention bureau only to market and promote the city as a tourist or convention center. If the duties of the convention bureau as they existed on January 1, 1991, are assigned to another agency, the tax shall cease.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2007.

Sec. 8. Laws 2002, chapter 377, article 3, section 25, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190 or 477A.016, or any other law, the city of Rochester may impose an additional tax of one percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more. "Lodging" means the consideration paid for the use of a sleeping room or space and does not include separately itemized charges for items and services such as pay-per-view television, video games, in-room safes, exercise equipment, refrigerators, cots, cribs, rollaway beds, room service, babysitting, telecommunications, laundry, or dry cleaning.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2007.