



2019 Issue Brief

Support Uniform Regulation and Taxation

Position:

Regardless of how or where a visitor books a stay in Minnesota it should be treated in a similar manner when it comes to taxation and regulation. We support legislation to require registrations, inspections and the collection of state and local taxes by online rental platforms or property owners.

Background:

We support the Minnesota Lodging Association's position that there is widespread under collection of sales and lodging taxes associated with online short-term rentals and online travel agencies such as Orbitz, Expedia and Travelocity. Rentals from entities like AirBnb also often avoid regulations such as those required by the State Fire Marshal or Department of Health.

Supporting Facts:

- The short-term rental marketplace continues to grow. By avoiding or under-collecting the sales and local lodging taxes private renters are at a competitive advantage in the marketplace. This behavior allows these entities to take advantage of local services and marketing paid for by their competitors.
- Minnesota law requires the state sales tax paid on lodging sold by online travel agencies be paid on the entire amount charged to the guest rather than the wholesale amount paid to a lodging property. The law needs to be clarified so local option lodging taxes are collected in the same manner.
- National research indicates many of the listings on AirBnb in some markets are commercial operators rather than owner-occupied accommodations. In some instances, these locations have been found to be hotels without any regulation or oversight.
- Minnesota Tourism is currently a \$15 billion industry, supports 265,000 full and part-time leisure and hospitality jobs paying \$5.4 billion in wages in communities across the state. Minnesota Tourism generates nearly 18% of all state sales tax collections. Tourism spending creates jobs, drives spending and has a positive return-on-investment.