



October 3, 2019

The Honorable Jeff Wosje
Mayor of the City Of Plymouth
3400 Plymouth Boulevard
Plymouth, MN 55447

Dear Mayor Wosje:

We write in opposition to the current proposal before the Plymouth City Council to enact a new lodging tax that specifically allows funds generated from such a new tax to be used to fund capital projects or other operations within the city.

While businesses and operators in the lodging and tourism industry are sensitive to taxation that specifically targets their customers, especially those who won't likely benefit from its use, they may be willing to acquiesce when those taxes will result in a direct benefit to create convention and visitors bureaus. These visitors and convention bureaus help market and promote tourism to the area they serve, with the ultimate goal of attracting visitors. In fact, the statutory purpose of the Minnesota law authorizing local lodging taxes indicates specifically that 95% of funds generated by such a tax must be used for marketing and promotion purposes:

"Ninety-five percent of the gross proceeds from any tax imposed under subdivision 1 shall be used by the statutory or home rule charter city or town to fund a local convention or tourism bureau for the purpose of marketing and promoting the city or town as a tourist or convention center." (Minn. Stat. §469.190)

Although the City of Plymouth sought *special legislation* to allow certain city lodging tax proceeds to be used more broadly (including for capital projects), we would suggest that doing so would be highly inadvisable. First, it would make Plymouth an outlier in taxation, as this is not the standard practice or use of lodging taxes in Minnesota. Second, it would send an unintended message that the City is not looking for the kind of partnerships that other cities have created with the tourism industry, but instead is seeking easy money from travelers from outside the city limits to fund its projects.

Lodging facilities located in Plymouth face strong competition from locations just minutes away. Travelers are price sensitive and typically shop for the best possible rates, so adding new taxes to local businesses will put them at a competitive disadvantage to their rivals in neighboring communities. Plymouth lodging facilities compete with cities that either do not have a lodging tax or that are using the lodging tax as intended to support tourism marketing efforts.

Please think twice before implementing this new tax. The City should not rely on hotel customers to support what has traditionally been the responsibility of local taxpayers either through user fees or other local taxes.

Sincerely,



Liz Rammer, President
Hospitality Minnesota



Stephanie Busiahn, Chair
MACVB



Shannon Full, President
TwinWest Chamber of Commerce

cc: Plymouth City Council
Dave Callister, City Manager