

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 3191

(SENATE AUTHORS: MCEWEN and Port)

DATE
03/30/2023

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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; imposing a gross receipts tax on short-term rental lodging;
1.3 proposing coding for new law in Minnesota Statutes, chapter 295.

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

1.5 Section 1. **[295.81] SHORT-TERM RENTAL GROSS RECEIPTS TAX.**

1.6 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have
1.7 the meanings given.

1.8 (b) "Commissioner" means the commissioner of revenue.

1.9 (c) "Gross receipts" means the total amount received, in money or by barter or exchange,
1.10 for short-term rental lodging as measured by the sales price. Gross receipts do not include:

1.11 (1) any taxes imposed directly on a customer that are separately stated on the invoice,
1.12 bill of sale, or similar document given to the customer; or

1.13 (2) discounts, including cash, terms, or coupons, that are not reimbursed by a third party
1.14 and that are allowed by the short-term rental owner or operator and taken by a customer on
1.15 a sale.

1.16 (d) "Short-term rental" means the furnishing for consideration of lodging in which a
1.17 purchaser rents short-term rental property for less than 30 consecutive days.

1.18 (e) "Short-term rental operator" means a company that operates an online marketplace
1.19 for short-term rental property and acts as a broker and charges a commission on each booking.

2.1 (f) "Short-term rental property" means residential real estate property that is offered or
2.2 provided to a customer for more than 14 days in the preceding year. Short-term rental
2.3 property does not include:

2.4 (1) rooms in a hotel, motel, rooming house, tourist court, or resort; or

2.5 (2) individual rooms rented in a residential homestead.

2.6 Subd. 2. **Gross receipts tax imposed.** (a) A tax equal to six percent is imposed on the
2.7 gross receipts from the furnishing for consideration of short-term rental lodging. A short-term
2.8 rental owner or operator may but is not required to collect the tax imposed by this section
2.9 from the purchaser as long as the tax is separately stated on the receipt, invoice, bill of sale,
2.10 or similar document given to the purchaser.

2.11 (b) The tax imposed under this section is in addition to any other tax imposed on the
2.12 furnishing for consideration of lodging.

2.13 (c) The tax imposed under this section is not included in determining if the total tax on
2.14 lodging in the city of Minneapolis exceeds the maximum allowed tax under Laws 1986,
2.15 chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article
2.16 12, section 87, and Laws 2012, chapter 299, article 3, section 3, or in determining a tax that
2.17 may be imposed under any other limitations.

2.18 Subd. 3. **Tax collection required.** (a) If a short-term rental property is rented for a stay
2.19 through a short-term rental operator, then the short-term rental operator is required to collect
2.20 the tax imposed under subdivision 2 on behalf of the short-term rental owner.

2.21 (b) If a short-term rental property is not listed and rented for a stay through a short-term
2.22 rental operator, then the short-term rental owner must collect and remit the tax imposed
2.23 under subdivision 2 in the same manner as required under subdivision 5.

2.24 Subd. 4. **Administration.** Unless specifically provided otherwise, the audit, assessment,
2.25 refund, penalty, interest, enforcement, collection remedies, appeal, and administrative
2.26 provisions of chapters 270C and 289A that are applicable to taxes imposed under chapter
2.27 297A, apply to the tax imposed under this section.

2.28 Subd. 5. **Returns; payment of tax.** A short-term rental owner or operator must report
2.29 the tax on a return prescribed by the commissioner and must remit the tax in a form and
2.30 manner prescribed by the commissioner. The return and the tax must be filed and paid using
2.31 the filing cycle and due dates provided for taxes imposed under section 289A.20, subdivision
2.32 4, and chapter 297A.

3.1 Subd. 6. **Interest on overpayments.** Interest must be paid on an overpayment refunded
3.2 or credited to the taxpayer from the date of payment of the tax until the date the refund is
3.3 paid or credited. For purposes of this subdivision, the date of payment is the due date of the
3.4 return or the date of actual payment of the tax, whichever is later.

3.5 Subd. 7. **Deposit of revenues.** The commissioner must deposit all revenues, including
3.6 penalties and interest, derived from the tax imposed by this section in the housing
3.7 development fund established under section 462A.20, to be used for the workforce and
3.8 affordable homeownership development program under section 462A.38.

3.9 **EFFECTIVE DATE.** This section is effective for gross receipts received after December
3.10 31, 2023.