

ORDINANCE 829
Creating Chapter 295 to Establish a Lodging Tax
CHAPTER 295 : Lodging Regulations; Tax

295.01 Purpose. The city finds that the promotion of the city as a tourist destination would benefit the economy and recognition of the city. The city further finds that the creation of a tax on lodging at hotels, motels, rooming houses, tourist courts, bed and breakfast establishments, resorts, and municipal campgrounds for the purpose of providing funding for a visitor's bureau to promote the city's tourism and industry is in the best interest of the city and its citizens.

295.02 Definitions. For the purpose of this chapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning.

- (A) **Accounting period.** A calendar month, except that a lodging facility operator, upon written notification to the City Tax Administrator, may designate a different period not to exceed 31 days.
- (B) **City.** The City of Princeton.
- (C) **Consideration.** A monetary fee.
- (D) **Lodger(s).** An individual(s) paying a consideration for occupying a lodging facility.
- (E) **Lodging facility.** A hotel, motel, rooming house, tourist court, bed and breakfast, resort, or municipal campground as these terms are commonly understood, where accommodations are furnished for consideration, other than the renting or leasing of the accommodation for a continuous period of thirty (30) or more days. Also, the provision of rooms by any legally constituted religious, educational or non-profit organization, in a facility solely owned or operated by said facility shall not constitute a lodging facility for the purposes of this chapter.
- (F) **Lodging tax return form.** A form, designed or approved by the city, to be completed by the operator or designated preparer, to accompany an accounting period payment of the lodging tax and contains the following data as a minimum:
 - (1) Name, address and telephone number of the lodging facility;
 - (2) Gross amount of rent collected during the accounting period covered by the return;
 - (3) Calculated gross amount (three percent) of lodging tax to have been collected during the accounting period;
 - (4) Gross amount of uncollectible rent charges during the current accounting period or previous accounting period;
 - (5) Gross amount of lodging tax to be deducted due to the uncollectible rent charges;
 - (6) Net lodging tax payable for the accounting period; and
 - (7) Signature of the lodging tax return form preparer and completion date.

- (G) **Operator.** The person who is the proprietor of the lodging facility, whether in the capacity of owner, lessee, sublessee, licensee or any officer, agent or employee of the person.
- (H) **Person.** Any individual, corporation, partnership, association, limited liability company, estate, receiver, trustee, executor, administrator, assignee, syndicate or any other combination of individuals, and, whenever applied prescribing and imposing a penalty, shall mean the individuals comprising the officers or partners thereof.
- (I) **Rent.** The consideration paid to the operator for occupying the lodging facility.
- (J) **Tax administrator.** The city employee or department assigned responsibility for receiving lodging tax revenues, disbursing lodging tax expenditures and properly recording all transactions.

295.03 Imposition and Collection of Tax

- (A) Pursuant to the authority granted under M.S. § 469.190, as it may be amended from time to time, a lodging tax is hereby imposed in the amount of three percent of the gross receipts for provision of room accommodations for rent at any lodging facility within the city.
- (B) The lodging tax collected shall be a debt, extinguished only by the payment thereof, to the city.
- (C) The lodging tax shall be shown on the accommodation invoice as a separate charge and shall be collected at the same time as rent payment. An itemized receipt shall be given to the lodger.
- (D) It shall be unlawful for any operator to advertise, directly or indirectly, to the public or any lodger that the lodging tax, or any part thereof, shall be assumed or absorbed by the operator, will not be added to the rent or, if added, shall be refunded to the lodger.
- (E) It shall be unlawful for an operator to impose a lodging tax exceeding the three percent required by this chapter.

295.04 Payment, Return Forms and Examination of Return of Forms

- (A) Lodging taxes collected by the operator shall be paid to the City Tax Administrator no later than twenty (20) calendar days following the last day of the accounting period, the payment to be accompanied by a signed lodging tax return form.
- (B) The operator may deduct from the current payment the proportionate (three percent) share of lodging tax attributable to uncollectible rent from the current accounting period or prior accounting periods, but not to exceed one year in the past, calculating the period from the date entered on the lodging tax return form.

- (C) The City Tax Administrator may make any reasonable examination of the lodging facility's records and accounts to determine the accurateness of the lodging tax return form. The tax computed on the basis of the examination shall be the tax payable. If the tax payable is found to be greater than the amount paid, the operator shall remit the underpayment to the city within ten (10) days after receipt of written notice, the notice to be personally hand delivered or sent by certified mail to the address shown on the lodging tax return form. If the amount paid is greater than the tax payable, the City Tax Administrator shall refund the overpayment to the operator at the address shown on the lodging tax return form within ten (10) days of the examination. Should an operator dispute the decision of the City Tax Administrator based upon examination of the lodging tax return form, a hearing and reexamination of the form may be requested before the City Council.

295.04 Refunds.

- (A) An operator may file a documented claim for refund of lodging tax overpayment for any accounting period within the past one year, calculating the period from the date entered on the lodging tax return form.
- (B) The City Tax Administrator shall examine and determine the validity of the claim, approve or deny the claim in whole or in part, and, if approved, shall refund the amount of overpayment to the operator. Denial of the claim shall be made to the operator in writing. Should an operator dispute the decision of the City Tax Administrator, a hearing and re-examination of the claim may be requested before the City Council.

295.05 City Council Hearing

- (A) To schedule a hearing before the City Council, an operator must submit a written request stating the basis of the dispute with the City Tax Administrator. This written request must be received at the City Tax Administrator's office within ten (10) days of the operator's receipt of the notice giving rise to the request for a hearing. If a request for hearing is not received at the City Tax Administrator's Office within ten days of the notice giving rise to the dispute, then the determination of the City Tax Administrator shall be final.
- (B) Upon receipt of a proper and timely request, a hearing shall be scheduled within twenty (20) calendar days following receipt of the request for hearing with the operator to be provided written notice at least seven (7) days in advance of the scheduled hearing date.
- (C) Issues reviewed at the hearing shall be limited to those listed in the request for hearing.
 - (1) The City Council may affirm, deny or modify the determination of the City Tax Administrator.
 - (2) The City Council may choose to review the disputed issues.

- (3) The decision of the City Council shall be in writing and submitted to the operator.

295.06 Separate Account. All revenue collected and disbursements made by the city pursuant to this chapter shall be recorded in a separate fund in compliance with the State Uniform Chart of Accounts.

295.07 Distribution.

- (A) Ninety-five percent of the gross lodging tax revenue collected pursuant to this chapter shall be used in accordance with M.S. § 469.190, as it may be amended from time to time, to fund a local tourism bureau for the purpose of marketing and promoting the city as a tourist destination. The city may contract with the Princeton Area Chamber of Commerce to operate the tourism bureau.
- (B) The city shall retain five percent of the gross lodging tax revenue collected to defray the costs of administering and enforcing this chapter or toward funding special purpose marketing and promotion of the city for tourism.

295.08 Violations. In addition to other penalties provided by this chapter, any willful violation of any provision or failure to furnish a required report or tendering of a false report shall constitute a misdemeanor

295.09 Penalty.

- (A) Lodging taxes not paid within twenty (20) days following the end of an accounting period shall be subject to an automatic penalty of five (5) percent which shall then be paid with the overdue tax payment.
- (B) If the five (5) percent penalty is not included with remittance of the overdue tax payment, the City Tax Administrator shall provide the operator by written notice, hand delivered or sent by certified mail, the penalty amount due. If penalty payment is not made within ten (10) days of the notice, the City Tax Administrator may proceed with collection in any manner prescribed by law or hereinafter in this chapter.

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- (C) If an operator refuses or fails to pay the lodging tax imposed by this chapter, including any penalty amounts, within forty (40) calendar days following the end of the accounting period, then the City Tax Administrator shall determine an estimate of the tax payable, stated in writing, and hand carry the document to the operator or send it by certified mail. To enable calculation of the estimate, the operator shall grant access to the City Tax Administrator and/or others designated by the city to all relevant accounting books and records relating to the lodging facility. The operator shall make full payment of the estimated lodging tax and penalty amounts within ten (10) days of the notice.
- (D) Failure to make the payment shall be cause for those amounts payable to be specially assessed against the property in the same manner as a special assessment for unpaid utility charges, or, for the city to commence legal action for collection. In these cases, all additional costs incurred, including, but not limited to reasonable attorney's fees, shall be added for collection.
- (E) Notwithstanding the above, any violation of any provision of this ordinance is a misdemeanor, punishable by up to ninety (90) days in jail and fine of up to \$1,000.00. Each day a violation occurs is a separate misdemeanor offense.

295.10 Severability. In the event any portion of this chapter is hereafter declared or held to be invalid, that shall not affect the remaining provisions of this chapter which shall remain in full force and effect.

EFFECTIVE DATE. This ordinance shall take effect upon its summary publication in the City's official newspaper. Said publication shall read as follows:

Ordinance # 829 adds Chapter 295 creating a Lodging Tax. A copy of the full ordinance is available for review at City Hall.

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ADOPTED by the City Council this 8th day of November, 2022

Thom Walker; Mayor

ATTEST:

Shawna Jenkins Tadych; City Clerk