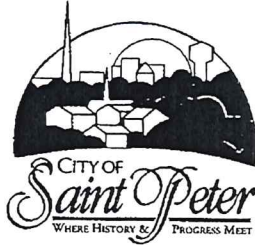




Area Chamber of Commerce and Visitors Bureau  
101 South Front Street | Saint Peter, MN 56082

**SAINT PETER TOURISM BUREAU, BOARD OF DIRECTORS**  
**8 a.m. – Friday, February 28, 2025**  
**At Saint Peter Chamber of Commerce/Tourism Bureau, 101 S. Front St.**  
**AGENDA**

1. **Call to Order**
2. **Oath of Office**
3. **Potential guest:** Jessica Becker, director, Nicollet County Historical Society. Historical Society is an awesome partner in local Tourism and attends regional and state meetings. We encouraged Jessica to share a few words, just as we have event organizers. There are regional and state opportunities, such as the advertising and billboards that are currently being done.
4. **Consider Approval of Minutes for January 24, 2024 Meeting.** Page 2 and 3
5. **Lodging Tax Comparison.** Page 4
6. **Grant Spreadsheet Review.** Page 5
7. **Account Balance Report** -- Lodging Tax Account - \$59,463 on January 1 and \$61,625 on January 31, according to bank statements.
8. **Grant Final Report** – 2025 Flurries and Fireworks – Saint Peter Ambassadors – New event at Johnson Hall featuring the bands Backseat Roadies and The Hype. Awarded \$1,000. Advertisement investment was social media -- \$400 in December 2024 and \$600 in January 2025. These are eligible expenses. 10 percent of \$1,000 is \$100. Pages 6 to 10.
9. **Grant Final Report** – 2025 WinterMania 2 – Saint Peter Ambassadors and Ann Norgaard – Second-year event at Johnson Hall for professional wrestling. Awarded \$3,000. 10 percent of \$3,000 is \$300. Pages 11 to 20.
10. **Grant Request** – 2025 Saint Patrick’s Festivities – Saint Peter Ambassadors -- Established event along Third Street and throughout community. Requesting \$3,000. Pages 21 to 25.
11. **Grant Request** – 2025 Minnesota Original Music Festival – MOMF Board and director Eli Hoehn – tabled from January meeting. Established event in park, throughout Saint Peter and expanding dates. All expenses listed seem to be eligible. Requesting \$3,000. 90 percent of \$3,000 is \$2,700. Pages 26 to 34.
12. **Other Business** – 1. Advertising in Scenic Byways publication pages 35 and 36; 2. Packet with Statute that the Board goes by, along with packet of rules explanations, precedents and case law. Pages 37 to 83.
13. **Next Meeting:** 8 a.m. on Friday, March 28, 2025 at 101 S. Front St.



## OATH OF OFFICE

STATE OF MINNESOTA)  
COUNTY OF NICOLLET)  
CITY OF SAINT PETER)

I, \_\_\_\_\_, do solemnly swear that I will support the Constitution of the United States and that of the State of Minnesota, and that I will faithfully and impartially discharge the duties of Tourism and Visitors Bureau in and for the City of Saint Peter, Minnesota, to which office I have been appointed, to the best of my judgment and ability.

---

WITNESSED BY:

Subscribed and sworn to before me  
this \_\_\_\_\_th day of \_\_\_\_\_, 2020.

---

Edmond Lee  
Chamber of Commerce executive director

**SAINT PETER TOURISM BUREAU  
BOARD OF DIRECTORS MINUTES  
8 A.M. – FRIDAY, January 24, 2025  
AT THE SAINT PETER CHAMBER AND TOURISM OFFICE**

**Attendance:** Ben Ranft, Bob Sandeen, Abbey Lane, Miriam Andree, Erin Schwab, JJ Akin and director Ed Lee

**Call to Order:** Called to order at 8:00 a.m. by Schwab.

**Consider Approval of Minutes for December 6, 2024 Meeting**

**Lodging Tax Comparison** – Motion by Sandeen, seconded by Lane, to approve Lodging Tax Comparison. Unanimous.

**Grant Spreadsheet Review** – Motion by Sandeen, seconded by Ranft, to approve Grant Spreadsheet Review. Unanimous.

**Account Balance Report** – Motion by Lane, seconded by Sandeen. Unanimous

**Staff Recommendation** – Board members heard a staff recommendation from the director Continue providing grants as the Board has since making changes to the application form in 2023. The majority of event organizers follow the grant application guidelines, and only a few event organizers disagree with or have not fully understood the guidelines. This is a communication issue that can be fixed. After Board discussion, the director was directed to avail Board members will the rubric provided.

**Grant Final Report** – 2024 Maker Fair Minnesota – Established event at fairgrounds in October. Received \$3,000 grant for promotion. Attracted more than 4,000 attendees. Tabled from December 6 meeting. Recommendation: Assign staff to communicate with event organizer and request that grant dollars spent on ineligible strategies be returned, while thanking organizer and acknowledging the misunderstanding. Motion by Lane, Seconded by Sandeen to request that event organizer return unused grant dollars. Unanimous.

**Grant Final Report** – 2024 Saint Peter Farmer’s Market – Established event at Food Co-op parking lot. Received \$1,200 grant for promotion. Open in summer and fall months of 2024 and attracted large number of attendees. Recommendation: Assign staff to communicate with event organizer and request that grant dollars spent on ineligible strategies be returned, while thanking organizer and acknowledging the misunderstanding. Motion by Lane, Seconded by Ranft to request that event organizer return unused grant dollars. Unanimous.

**Grant Final Report** – 2024 Minnesota Barbecue Society competition – New event at the fairgrounds. Received \$1,000 grant. Documented \$600 for radio ads, \$25 in Facebook boosts and flyers. Recommendation: Assign staff to communicate with event organizer and request that grant dollars spent on ineligible strategies be returned, while thanking organizer and acknowledging the misunderstanding. Motion by Lane, Seconded by Ranft to request that event organizer return unused grant dollars. Unanimous.

**Grant Final Report** – 2024 Winterslam – Established event at fairgrounds in February. Received \$3,000 grant. Promo Video costing \$1,200 and Derby National TV for \$2,000 (together equaling \$3,200) are arguably precedented eligible expenses. Recommendation: Assign staff to communicate with event organizer and request that grant dollars spent on ineligible strategies be returned, while thanking organizer and acknowledging the misunderstanding. Motion by Ranft, Seconded by Lane to request that event organizer return grant dollars used on ineligible expenses. Unanimous.

**Grant Request** – All School Reunion – All School Reunion Committee. Event is with July 4 weekend because many former residents/Saint Peter High School graduates are in town. Of all expenses listed, eligible ones would include postage, print ads and posters. Staff recommends tabling to communicate with organizers and discuss eligible expenses. Motion by Akin, Seconded by Ranft to request that event organizer resubmit application clearly outlining eligible expenses. Unanimous.

**Grant Request** – 2025 Minnesota Original Music Festival – Organizer Eli Hoehn -- Event in its fourth year at Minnesota Square Park and other venues. Schedule goes from June 27 to September 28 this year. Eligible expenses amount to \$3,325. Please look carefully at the expenses listed as eligible. Board can approve, deny or table until conversation is had with organizer to clearly state eligible

expenses. Requesting \$3,000. Motion by Ranft to table request, Seconded by Lane and request that event organizer resubmit grant application clearly outlining eligible expenses. Unanimous.

**Grant Request** – 2025 Saint Peter Senior Expo – City of Saint Peter Recreation and Leisure Services – Established event at Community Center on April 17. Organizers have long track record of spending on clearly eligible expenses. Motion by Ranft to approve up to \$3,000, and Seconded by Akin. Unanimous.

**Grant Request** – 2025 Festival of Nations -- Saint Peter Good Neighbor Diversity Council – Contact is Trish Hiscock-Austin. Event is in third year at fairgrounds on May 3. Strong track record of spending grant dollars on eligible expenses. Requesting \$3,000. Motion by Ranft, Seconded by Sandeen, to approve \$3,000. Unanimous.

**Grant Request** – 2025 Old-Fashioned Fourth of July Parade and Picnic in the Park -- Saint Peter Chamber – Established event along parade route and Minnesota Square Park. Eligible expenses are understood, with very safe, traditional media spending to follow rules with zero gray area. Requesting \$3,000. Motion by Ranft, Seconded by Sandeen, to approve \$3,000. Unanimous.

**Grant Request** – 2025 Spring to Saint Peter -- Saint Peter Chamber – Event in its second year that encourages visitors to experience shopping and dining scene and have passports stamped. Eligible expenses are understood, with very safe, traditional media spending to follow rules with zero gray area. Requesting \$2,000. Motion by Ranft, Seconded by Sandeen, to approve \$2,000.

**Other Business** -- APG Visitors Guide advertising, same price as last year. Motion by Lane, Seconded by Ranft, to approve ad. Unanimous.

**Next Meeting:** 8 a.m. on Friday, February 28, 2025 at 101 S. Front St.

**Adjourned:** 9:01 a.m.

**Respectfully submitted** by director Ed Lee on January 24, 2025

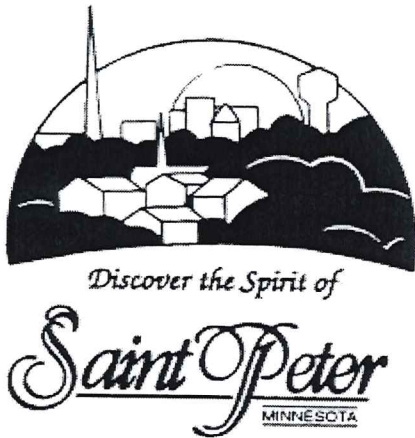


**LODGING TAX COMPARISON 2023-2024**

Month	2023	2024	Difference
January	\$ 4,976.94	\$ 5,282.79	\$305.85
February	\$ 5,666.48	\$ 5,865.07	\$198.59
March	\$ 5,009.03	\$ 4,826.70	-\$182.33
April	\$ 5,975.01	\$ 6,783.96	\$808.95
May	\$ 7,645.31	\$ 8,596.40	\$951.09
June	\$ 8,919.46	\$ 8,901.35	-\$18.11
July	\$ 9,055.03	\$ 8,802.40	-\$252.63
August	\$ 10,097.26	\$ 8,517.54	-\$1,579.72
September	\$ 9,692.90	\$ 8,086.40	-\$1,606.50
October	\$ 8,539.35	\$ 9,376.57	\$837.22
November	\$ 5,573.76	\$ 4,868.13	-\$705.63
December	\$ 6,232.23		
<b>Totals</b>	<b>\$87,382.76</b>	<b>\$ 79,907.31</b>	<b>-\$1,243.22</b>

5

FINAL REPORT



*Area Chamber of Commerce  
Tourism and Visitors Bureau*

*101 South Front Street  
Saint Peter, MN 56082-2500*

**St. Peter Tourism Grants Program  
Guideline for Final Report**

**1. Demographic information of audience in attendance**

160 people attended to raise money for the fireworks. I spoke to people from New Ulm, Shakopee, and surrounding areas.

**2. Detailed, written, and listing of actual expenses and revenues**

See attached

**3. Provide samples of advertising and promotional materials that were used, including receipts.**

See attached

9:57

50% 100%

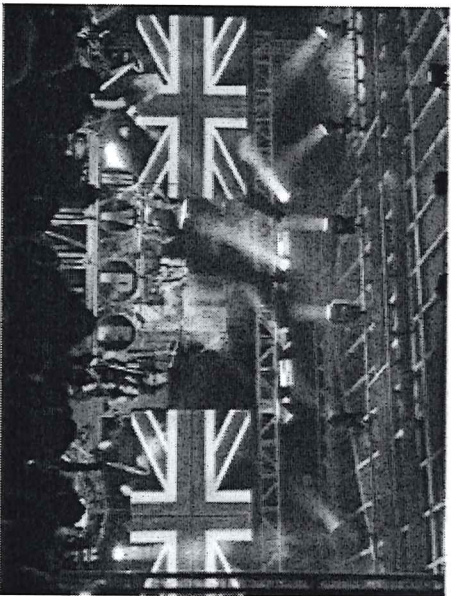
< St. Peter... @ [Profile] [Search]

Posts About More ▾

Like Comment Share

St. Peter ...  
Ambassadors created

an event.  
Dec 9, 2024 · 🌐



Fri, Jan 31

**Flurries & Fireworks!**

Johnson Hall · Saint Peter, MN





# boosting

1 comment • 

Dec 18

**Current  
performa  
nce**

Reach 

**512**

**Estimate  
d daily  
results**

Reach 

**10.3K...**

7-day budget **\$400**

**4K - 11.7K**

**\$600,**

\$18 ————— \$600

**Similar businesses  
typically spend**

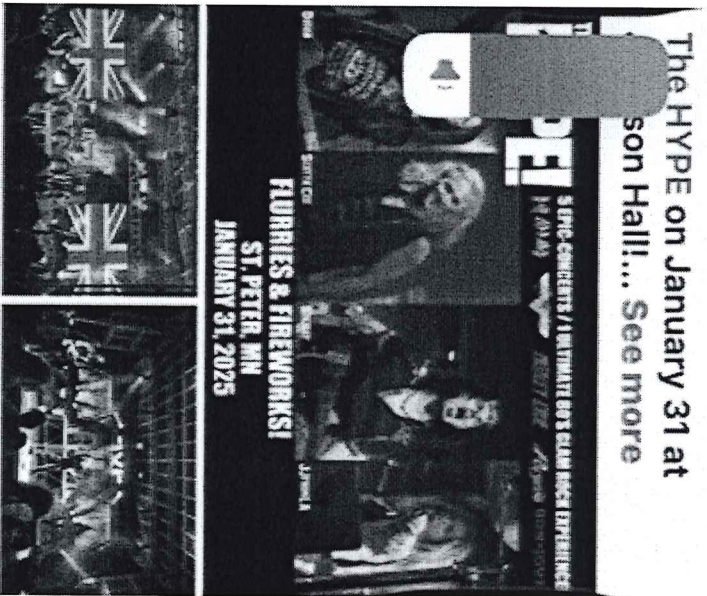
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50%

< St. Peter... 2 ▾ 🔍

Posts About More ▾

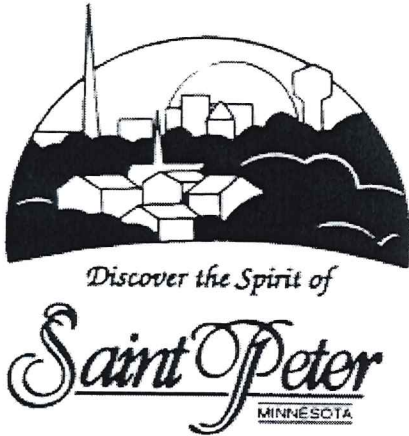
The HYPE on January 31 at  
son Hall!... See more



St. Peter  
Ambassadors  
Community

Call now





*Area Chamber of Commerce  
Tourism and Visitors Bureau*

*101 South Front Street  
Saint Peter, MN 56082-2500*

**St. Peter Tourism Grants Program  
Guideline for Final Report**

**1. Demographic information of audience in attendance**

**350 people from all over southern MN and the South Metro attended**

**2. Detailed, written, and listing of actual expenses and revenues**

**See attached**

**3. Provide samples of advertising and promotional materials that were used, including receipts.**

**See attached**

9:56

50% (100)

< St. Peter... 2 ▾ 🔍

Posts About More ▾



**St. Peter**  
**Ambassadors**  
Community

📞 Call now

See insights and ads

Boost again



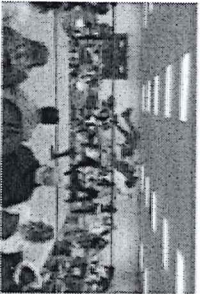
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50% (100)

< **St. Peter...** 2 ▾ 🔍

**Posts** **About** **More** ▾

Full view reupload 1st:  
Professional wrestin... See more



See insights and ads

**Boost again**

453 35 comments 32 shares



# Confirmation



RadioMankato  
59346 Madison Ave  
Mankato, MN 56001  
507-345-4537

Contract # 41487  
Date Entered 01/08/2025  
Sales Person Jeff Lang  
Billing Cycle Calendar  
Conflict 1 Smr/Exhibit/Fest  
Product Winter Mania 2 / One Day Sale  
Contract 01/20/2025 - 01/31/2025

Beginning February 1, 2025 a 3.5% transaction fee will be placed on all credit cards.

ST PETER AMBASSAORS  
PO BOX 301  
ST PETER MN 56082

Station	Date Range	Time Range	Schedule	Len	P	Avail Type	Rate	Qty	Total
1	KDOG-FM	01/20/2025-01/31/2025	05:00:00-23:59:59 4,4,3,3,3,3,3 All Weeks	00:30	5	Commercial	7.00	40	280.00
2	KXLP-FM	01/20/2025-01/31/2025	05:00:00-23:59:59 4,4,4,3,3,3,3 All Weeks	00:30	5	Commercial	7.00	42	294.00
3	KATO-FM	01/27/2025-01/31/2025	05:00:00-23:59:59 5,5,5,5,5,0,0 All Weeks	00:30	5	Commercial	7.00	25	175.00
<b>Total</b>									<b>749.00</b>

Station Summary	Count	Gross	Net
KDOG-FM	40	280.00	280.00
KXLP-FM	42	294.00	294.00
KATO-FM	25	175.00	175.00

Rotation	Station	Date Range	Time Range	Days
30	KATO-FM	01/20/2025-01/31/2025	00:00:00-23:59:59	MTWThFSSu
	WINTER MANIA		0204	01/20/2025-02/01/2025 OK Next
30	KDOG-FM	01/20/2025-01/31/2025	00:00:00-23:59:59	MTWThFSSu
	WINTER MANIA		0204	01/20/2025-02/01/2025 OK Next
30	KXLP-FM	01/20/2025-01/31/2025	00:00:00-23:59:59	MTWThFSSu
	WINTER MANIA		0204	01/20/2025-02/01/2025 OK Next

Projected Billing	Count	Gross	Net
January	2025	107	749.00
		107	749.00

14



**Edit**



**Dupli...**

# RESULT VIEW

## S Performance



**Last 7 days** La

**252**

Link clicks

**\$0.18**

Cost per

**\$45.94**

Amount

Link Click

spent



# Details

● Status

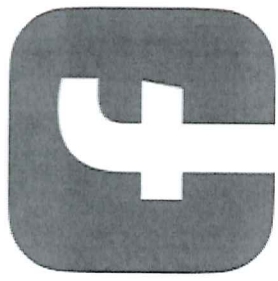
**In review**

➤ Goal

**Sell tickets**

💰 Amount Spent ⓘ

**\$0.00 / \$200.00**



## Funds for ads

Facebook 12+

In-App Purchase

**\$121.42**


One-time charge

**You will be purchasing a license.  
For more information about the  
license, go to: [apple.com/legal/  
ams](https://apple.com/legal/ams)**

10:23

Ad results

< Ad results ?



005

Like Comm... Share

## Details

Status

### Creating ad

Goal

### Get more engagement

Total budget

**\$1,000.00**



Post: "Looking  
for that perf...  
:

- Completed

Results for Dec 11 - Dec 23

**6.9K**

--

Reach

20-second

Calls

--

**\$499.93**

Cost per 20-

Spent of

second Call

\$500.00

# WINTERMANIA

**Saturday - February 1 - 2025**

Johnson Hall - 400 Union Street - Saint Peter

Doors 6:00 PM - Bell 7:00 PM

## LIVE PROFESSIONAL WRESTLING



Tickets \$15 GA



\$25 VIP RINGSIDE

Food & Drink will be available

More info visit [www.stpeterambassadors.com/wintermania](http://www.stpeterambassadors.com/wintermania)

All profits for this event will be donated to the Saint Peter Youth Wrestling Club

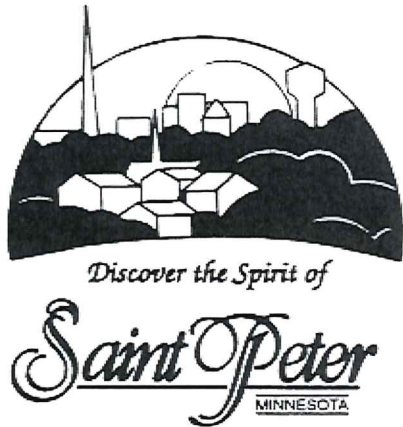


**NIELSEN**  
BLACKTOPPING  
& CONCRETE



**TREMENDOUS**  
WRESTLING COMPANY





*Area Chamber of Commerce  
Tourism and Visitors Bureau  
101 South Front Street  
Saint Peter, MN 56082-2500*

### COMMUNITY GRANTS PROGRAM

The purpose of the St. Peter Tourism Bureau is to promote St. Peter, its businesses, events and other attractions for tourism.

#### GRANT GUIDELINES

The Tourism Bureau annually budgets financial support for programs to help promote community attractions. The project, program, or unique marketing plan must attract visitors that benefit the City of St. Peter in the areas of retail, overnight accommodations, and/or attractions.

1. Grants are available up to \$1,000 for new events/attractions and up to \$3,000 for established events/attractions. The Tourism Bureau determines the grant amount awarded based on the following criteria: size of the event/attraction, the approximate # of participants and/or scope of anticipated outreach, and after careful review the organization's promotional budget. Grant matching is encouraged but not essential for qualification, and must be used for advertising and promotional purposes. "IN KIND" advertising/promotion is not recognized as part of any match. Receipts must accompany the final report.
2. The grant/project is a calendar year award, single activity, or sequence of closely related activities undertaken by an organization. These grants are NOT available for an organization's general operating support, overhead, or capital expenses. Approval in any given year is not an automatic approval in succeeding years. Applications must be made each year for approval.
3. Events for which grants are approved must include in all publications, websites and any other form of advertising and promotion the following statement: Sponsored in part by the City of Saint Peter Tourism Bureau. Or, the City of Saint Peter logo.

In addition, the St. Peter Tourism Bureau logo must be prominently displayed in all event publications, websites and advertising.

4. Applications must be submitted two months in advance of the event date.
5. The final report is due within three months following the event; if it is not received within that time, the final 10 percent of the grant may not be paid.

## **APPLICATION PROCESS**

Grant proposals must include a completed “Grant Application” form available from the Tourism Bureau and any supporting materials. Applicants will be asked to provide:

1. The need or demand for the project, focusing on how it will promote tourism.
2. The organization’s ability to carry out the project.
3. A detailed budget including project expenses, specific promotional expenses, and project revenues.
4. Application must be submitted a minimum of two months in advance of the project.

## **REVIEW CRITERIA**

Grant applications will be reviewed for eligibility, budget, clarity and completeness; the application will be evaluated based on the quality and merit of the project, the need for the project by the organization and/or community, how it enhances the tourism objectives of the Tourism Bureau, and the availability of funds for grants.

## **PAYMENT PROCESS**

Ninety percent (90%) of the grant funds will be forwarded to the applicant upon Tourism Bureau approval. The remaining ten percent (10%) will be paid to the grantee contingent upon the Tourism Bureau’s review and acceptance of the grantee’s final report, which should be submitted within 90 days of completion of the project.

Revised 10/23

## Saint Peter Tourism Bureau Tourism Promotion Grant Application

For timely consideration, applications should be submitted by the second Thursday of the month.

The Saint Peter Tourism Bureau will evaluate complete applications following the application due date, and provide funding recommendations thereafter. Incomplete applications will not be considered. Applicants will be notified following the regular Bureau meeting (generally the fourth Friday of each month).

For questions regarding the application and/or the funding process, please contact Ed Lee ([edlee@stpeterchamber.com](mailto:edlee@stpeterchamber.com) or 507-934-3400).

<b>Date:</b>	03/17/2025
<b>Applicant Organization:</b>	St. Peter Ambassadors
<b>Contact Person:</b>	Cory Abels
<b>Address:</b>	PO Box 301 St Peter, MN 56082
<b>Phone Number:</b>	507-508-9662
<b>Is this a new event? Yes/No</b>	No

**1. Program title:**

St. Peter St. Patrick's Day

**2. Program date:**

03/17/2025

**3. Detailed project description:**

We promote our restaurants, bars and other businesses for people to come to St. Peter for their St. Patrick's Day. The highlight of the day is our annual parade. This year it will be the 47<sup>th</sup> annual parade for our club.

**4. Statement of need or demand for the project:**

**Size of event/attraction:** The parade is many city blocks long and most all restaurants and bars will have special events including live music.

**Expected number of participants:** Our event is weather dependent but we have seen crowds of more than 4000 people.

**Statement of need:** This is a free event. We will spend upwards of \$3,000 on marketing for this event and our only source of income is the sale of raffle tickets. We lose money on this event nearly every year.

**5. Outline structural make-up of the project and organization:**

Not for profit



**6. Provide a detailed budget, including project expenses, specific promotional expenses, and project revenues:**

**Eligible Expenses** (please list \$0 or N/A if not applicable; see the last page of this request form for a list of eligible expenses)

<b>Eligible Expense Category</b> (Advertising, Direct Marketing, Social Media Marketing, Content Marketing, In-Store, Public Relations)	<b>Detailed Description</b>	<b>Expense</b>
Social Media	Paid advertising on Facebook & Insta	\$1,500
News Paper	Paid adds in the St Peter & Mankato Newspapers	\$1,500
Posters	Printed posters to hang up in and around St. Peter	\$250
		\$
		\$
		\$
	<b>Total Eligible expenses</b>	<b>\$3,250</b>

**Please outline below or attach additional non-eligible expenses.**  
Insert or attach budget information – see attached

**7. Please state amount for which you are applying:**

(up to \$1,000 for new events/attractions or \$3,000 for established events/attractions; requested amount cannot exceed eligible expenses)

\$3,000

**By signing below, I agree to the following:**

- All awarded tourism marketing projects must include the following tagline: “Sponsored in part by the City of Saint Peter Tourism Bureau” or the City of Saint Peter logo. A link to the city website - [www.saintpetermn.gov](http://www.saintpetermn.gov) - must also be included on the grant recipient's website.
- For projects in which it is not possible to include the logo or tagline (i.e., DOT signage, some digital ads, Google ad words, search engine marketing, purchase of marketing lists, etc.) the City logo and/or tagline with a link to [www.saintpetermn.gov](http://www.saintpetermn.gov) must be placed on the home page of the recipient's website.
- For projects completed prior to the grant award notification; applicants must include the required logo/tagline on the project in advance of award announcement, regardless of funding, to be eligible for grant funds.
- I understand that I am required to provide a final report to the Saint Peter Tourism Bureau outlining how the funds were expended. The report shall be made within 60 days of the completion of the project. Future funding is contingent upon submission of the final report.

St Peter Ambassadors by Cory Abels  
Applicant Name (printed)

*Cory Abels*  
Signature

1/02/2025  
Date

24

**Return original to:** Tourism Bureau  
101 S Front St  
Saint Peter, MN 56082  
[edlee@stpeterchamber.com](mailto:edlee@stpeterchamber.com)

*Revised October 2023*

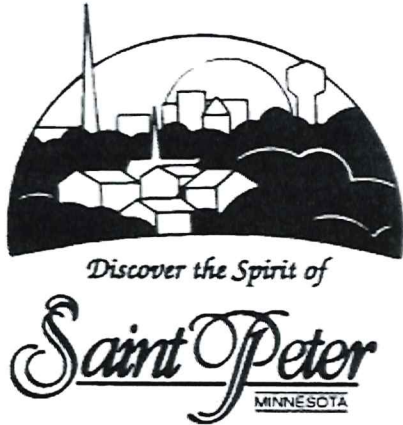
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**Eligible Expenses**

- **Advertising** - Types include television, print (newspapers, magazines, journals, etc.), radio, press, internet, mailers, posters
- **Direct Marketing** - Reaching customers directly person-to-person or using digital tools such as email
- **Social Media Marketing** - Direct marketing conducted using social media
- **Content Marketing** - Developing content and media such as promotional videos
- **In-Store Marketing** - Promoting products where they are sold using in-store events, displays, and promotions such as coupons
- **Public Relations** - Press releases, letters to the editor, brochures
- **Postage fees for marketing materials**

**Non-Eligible Expenses**

- Domain names, hosting fees, postage fees for non-marketing materials, on-site signs
- Funding for entire organization website versus just the tourism event page
- Prizes and soft marketing items (t-shirts, stickers, promotional items, etc.)
- In-kind services
- Venue costs (rental fees, stages, tents)
- Entertainment/performer fees
- Security/police
- Marketing consultants/stipends
- Funds cannot be used to “pay” yourself (e.g., reimburse your own organization for printing copies)



*Area Chamber of Commerce  
Tourism and Visitors Bureau  
101 South Front Street  
Saint Peter, MN 56082-2500*

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Grant applications will be reviewed for eligibility, budget, clarity and completeness; the application will be evaluated based on the quality and merit of the project, the need for the project by the organization and/or community, how it enhances the tourism objectives of the Tourism Bureau, and the availability of funds for grants.

## **PAYMENT PROCESS**

Ninety percent (90%) of the grant funds will be forwarded to the applicant upon Tourism Bureau approval. The remaining ten percent (10%) will be paid to the grantee contingent upon the Tourism Bureau's review and acceptance of the grantee's final report, which should be submitted within 90 days of completion of the project.

Revised 10/23

# Saint Peter Tourism Bureau Tourism Promotion Grant Application

For timely consideration, applications should be submitted by the second Thursday of the month.

The Saint Peter Tourism Bureau will evaluate complete applications following the application due date, and provide funding recommendations thereafter. Incomplete applications will not be considered. Applicants will be notified following the regular Bureau meeting (generally the fourth Friday of each month).

For questions regarding the application and/or the funding process, please contact Ed Lee ([edlee@stpeterchamber.com](mailto:edlee@stpeterchamber.com) or 507-934-3400).

<b>Date:</b>	2/7/2025
<b>Applicant Organization:</b>	MN Original Music Festival
<b>Contact Person:</b>	Eli Hoehn
<b>Address:</b>	302 Saint Julien Street
<b>Phone Number:</b>	507-351-2155
<b>Is this a new event? Yes/No</b>	No

**1. Program title:**

Minnesota Original Music Festival

**2. Program date:**

July 16-20, 2025

**3. Detailed project description:**

The Minnesota Original Music Festival (MOMF) is a 501(c)(3) nonprofit headquartered in Saint Peter, Minnesota. The mission of the organization is to support Minnesota songwriters, composers, and musicians in the creation and performance of original music through a network of concerts, workshops, and events designed to provide resources and opportunities to Minnesotans interested in the performance of live original music, while facilitating the growing reputation of the Saint Peter area as a regional center of music, art and creativity. In 2025, MOMF is planning an ambitious series of Summer events, in part financed by an Arts Education grant award from the Minnesota State Arts Board (MSAB). Our events include: a four part music exchange series featuring four distinct genres of music (Hip Hop, Jazz, Roots & Indigenous) that includes opportunities for musicians and others interested in these kinds of music to learn, create, network, and perform; a songwriters event, Songwriters in the Round, featuring performances and conversations with well-known and up and coming Minnesota songwriters, hosted by local artists, this year's host is Shelley Pierce, of KMSU's radio program, Shuffle Function; a showcase featuring a Minnesota composer, Composer's Showcase, providing a platform for Minnesota composers to talk about and perform their music, this year featuring Saint Peter native Adrian Barnett, an award winning, nationally touring musician and composer; an event called the 48 Hour Band Challenge that

provides opportunities for musicians from across the state to network, create and learn from each other; a concert series held in Minnesota Square Park that showcases Minnesota original music featuring a variety of genres and styles; a series of workshops and interactive events designed to encourage public participation in music and art; and a program providing opportunities for four Minnesota songwriters/composers to create and perform new music for the 2025 festival called, The Songwriter's Stage.

Our full Summer schedule currently looks like this:

May 8, (Thursday) Songwriters in the Round, Arts Center of Saint Peter, 7:00 pm;  
June 28, (Saturday) Hip Hop Music Exchange Event (performances & workshops), Patrick's on Third;  
July 13, (Sunday) MOMF Week Kick-off event, Patrick's on Third, 4:00 pm;  
July 16, (Wednesday) Live Music Wednesday, local original music, Patrick's on Third, 7:00 pm;  
July 16, (Wednesday) 48 Hour Band Challenge Draft, Paddlefish Brewing, 5:00 pm;  
July 18, (Friday) 48 Hour Band Challenge Draft, Patrick's on Third, 6:00 pm & Open Stage;  
July 19-20, (Saturday-Sunday) Main Stage Concert Series, all day;  
July 19-20, (Saturday-Sunday) Triple Falls Interactive Series, all day;  
July 19 or 20, (Saturday or Sunday), Jazz Music Exchange Event;  
July 19 or 20, (Saturday or Sunday), Songwriters Stage Event;  
July 31, (Thursday) Composer's Showcase featuring Adrian Barnett, Arts Center of Saint Peter;  
August 23, (Thursday) Roots Music Exchange Event, Patrick's on Third;  
September 27, (Saturday) Indigenous Music Exchange Event, Minnesota Square Park.

#### **4. Statement of need or demand for the project:**

**Size of event/attraction:** MOMF is in its 4th season. In this time the organization has seen a steady increase in attendance numbers. Feedback we've received from surveys and attendees indicates however, that our events would be even better attended and easier to promote if they were not compressed into a single week, consequently, this year we plan to spread some of them out across the Summer.

These numbers and projections are based on our first three years.

48 Hour Band Challenge Event: This event draws 30-40 contestants from across the State, plus their friends and family members. Also, there are two hosts, five judges, and a production crew of five that facilitate the event. The event occurs over three days with a "draft" event on a Wednesday (July 16) and a contest event on a Friday (July 18). Winners of the event are invited to perform on our Main Stage on Sunday, July 20. The contest has been drawing a full house at Patrick's on the Friday of the contest (approximately 200+). The event is also live-streamed and recorded.

Main Stage Concert (July 19-20): The Main Stage Concert drew 2500-3000 in 2022, and has grown to 4000-4500 in 2024. We anticipate continued growth in 2025.

Triple Falls (TF) Interactive Stage Events (July 19-20): TF Interactive Stage events drew about 200 in 2022, and has grown to 500 in 2024 (despite rain interruption). We anticipate continued growth in 2025.

Additional events have added several hundred more attendees to our events. Our Music Exchange Series and our Songwriters Stage are new events for which we have no data.

#### **Expected number of participants:**

Calculating all MOMF events we anticipate more than 200 participants, not including the general public.

**Focus on how the project will promote tourism:**

Saint Peter has a growing reputation as a music and art destination in the State of Minnesota, with events like: Blues Fest, the 4th of July Celebration, The Rock Bend Folk Festival, the Art Center of Saint Peter's Hot Jazz Series & Sing-along events, the Art Walk and Octoberfest. MOMF adds to this reputation. In our third year, 2024, MOMF attracted more than 4,000 attendees for a week of workshops, activities & performances. In 2024, MOMF (and the Saint Peter Community) were featured in programs and articles related to MOMF on KEYC TV (Mankato), KBEM radio (Minneapolis, Jazz 88), MN Public Radio (MPR's MN Now w/ Cathy Wurzer, Art Hounds, Radio Heartland newsletter, & the Current), the Mankato Free Press, the Saint Peter Herald, and the Southern MN Scene. In 2024, through our surveys and interviews, we were able to document attendance from the following Minnesota communities: Bemidji, Chaska, Cleveland, Egan, Faribault, Henderson, Jordan, Kasota, Lake Crystal, Lakeville, Le Sueur, Mankato, Minneapolis, New Ulm, Nicollet, North Mankato, Owatonna, Red Wing, Rochester, Saint Louis Park, Saint Paul, Savage, Shakopee, Waseca & Windom, as well as, visitors from out state including Utah and Washington State.

**5. Outline structural make-up of the project and organization:**

The MN Original Music Festival (MOMF) is now a 501(c)(3) nonprofit. The MOMF board includes Saint Peter residents Emily Stark (Chair), Tom Heffernan (Vice-Chair) and Lelia Leonhardt (Treasurer), with Henderson resident Josh Reinitz (Secretary). MOMF's new board also includes three directors at large: Mankato musician and educator, Michelle Roche, Gustavus math professor Dr. Jeff Ford & KMSU radio personality Shelley Pierce (Shuffle Function). Eli Hoehn is the Executive Director of the organization.

Eli Hoehn (Executive Director, responsible for day to day operations) is an educator, composer, banjoist, producer and the band leader for the groups, Captain Gravitone & the String Theory Orchestra and the Quantum Mechanics. His albums include, "What's the Matter with Captain Gravitone?," (2012), "A Real Fine Day (when the circus comes to town)," (2016), and a "Universe Parallel to Our Own," (2019-selected by Hennepin County Library's MNSpin program). He performs regularly at theaters, festivals, and clubs. Eli holds Bachelor degrees in Philosophy, Anthropology and Secondary Social Studies from Minnesota State University-Mankato, and a Masters in Adult Education from the University of Minnesota.

Emily Stark (Board Chair, Social Media & Survey Manager) is a published social psychologist and professor at Minnesota State University, Mankato. Emily has long been involved with the arts in Southern Minnesota, including serving in the past on the Board of the Arts Center of St. Peter and currently active on the Board of the Govenaires Performing Arts Association. Additionally, she regularly exhibits her photography in local venues and performs as a dancer and vocalist with Pageant and Singalong Nation.

Tom Heffernan (Vice Chair, DEI Coordinator) is a Saint Peter musician, composer and producer. Tom has organized the MOMF 48 Hour Band Challenge event the past three years. He holds bachelor's and master's degrees in Ethnic Studies and has a significant interest in diversity, equity and inclusion, with 20 years of experience as an event planner and organizer.

Lelia Leonhardt (Treasurer) has 18 years of experience as an accountant. Lelia is committed to ensuring financial transparency and sustainability within the organization. Driven by a passion for community, Lelia leverages her expertise to support MOMF's mission. She is dedicated to making a positive impact in the community and looks forward to collaborating with fellow board members, artists, and volunteers.

Josh Reinitz (Secretary) was raised on a dairy and crop farm near Henderson, MN. Josh studied Natural Resources Management at the University of Minnesota and is a local entrepreneur having started organic farming and historic building restoration businesses. Josh has a history of involvement with non-profit organizations having been involved with Ney Nature Center, Sustainable Farming Association of Minnesota, Land Stewardship Project, Henderson Chamber of Commerce, Minnesota New Country School and the Arts Center of Saint Peter, where he has been in various leadership roles. He is a lifelong musician and songwriter.

Michelle Roche (Director at Large, Workshop Manager) is an educator, musician and songwriter, specializing in piano and percussion. She holds a degree in Music Education from Luther College, has taught K-12 band and classroom music at Maple River Schools in Mapleton, MN, and percussion for the St. Peter Govenaires Drum and Bugle Corps, Waseca Marching Jays, Austin Honor Bands, Albert Lea Marching Band, and New Ulm Suzuki School of Music. Currently, Michelle teaches privately at her studio in Mankato, MN, performs with the Mankato Symphony Orchestra, indie rock bands, Good Night Gold Dust and Given Names, and folk rock bands, Nate Boots & The High Horses and Joe Tougas & Associates, and leads the local band Machiko. In 2021, Machiko released their album "The Antidote", with their single "Until We Meet Again" being featured on Minnesota Public Radio's "The Current 89.3."

Shelley Pierce (Director at Large) has co-hosted Shuffle Function on KMSU Radio for nearly 25 years. She also is the music curator for KMSU's Minnesota Music Channel which plays exclusively Minnesota bands and artists and is the head of The Fountaineers KMSU Radio Drama Troupe. She is also a musician performing with the bands, Joe Tougas & The Associates, and Pageant and Singalong Nation for the Arts Center Of Saint Peter, where she serves as a member of the board.

Dr. Jeff Ford (Director at Large, Website Manager) manages the online presence of the festival (<https://mnomf.org/>). He is a professor of mathematics at Gustavus Adolphus College, with 15 years experience as an educator in mathematics and computer science. He is also a musician, playing guitar and drums in a variety of local bands. He was featured as the drummer on the The Cousins' album Sweet and Salty, and his old-time country band, The Donner Party, is working on their first album.

Other important members of our group include:

Ian Hilmer, Stage Manager. Ian is an experienced stage manager, and well known local musician that has performed throughout the country.

Trudi Olmanson, Logistics. Trudi has been part of the Rock Bend Folk Festival since its inception, where she is responsible for a variety of tasks including festival treasurer. For MOMF Trudi provides logistical advice and helps with the festival books.

**6. Provide a detailed budget, including project expenses, specific promotional expenses, and project revenues:**

This project will be funded through grants, donations, sponsorships, fundraisers and collaborations with other organizations. Our partners, collaborators and sources include:

KMSU Radio, contact: Dwayne Megaw (\$4,000.00);  
The Ambassadors (Saint Peter), contact: Cory Abels (\$2,500.00);  
Prairie Lakes Regional Art Center (PLRAC) (\$6,000.00);  
Mankato Area Foundation (MAF), contact: Sarah Beiswanger (\$6,000.00);  
Saint Peter Tourism & Visitors Grant (\$3,000.00);  
Saint Peter Govenaires (\$300.00);  
Pioneer Bank (\$500.00);



Saint Peter Red Men Club (\$250.00);  
 Donations (\$300.00);  
 Merchandise and other revenue related to the festival (\$2000.00);  
 Fundraising (\$2,000.00).

Total Revenue: **\$26,850.00**

[In addition MOMF was recently informed that it won a Minnesota State Arts Board Arts Education grant that will help fund some of our educational programs and a couple new projects. Because the grant hasn't been processed it is not included here.]

**Eligible Expenses** (please list \$0 or N/A if not applicable; see the last page of this request form for a list of eligible expenses)

<b>Eligible Expense Category</b> (Advertising, Direct Marketing, Social Media Marketing, Content Marketing, In-Store, Public Relations)	<b>Detailed Description</b>	<b>Expense</b>
Advertising	MPR radio campaign	\$1750.00
Advertising	Other radio promotions, KYMN (Northfield), KBEM (Minneapolis), KFAI (Minneapolis)	\$800.00
Advertising	Mpls.St.Paul Magazine	\$200.00
Advertising	Saint Peter Utility Bill	\$25.00
Social Media Marketing	Facebook, Google, YouTube campaign	\$600.00
	<b>Total Eligible expenses</b>	<b>\$3375.00</b>

**Please outline below or attach additional non-eligible expenses.**

Please attach a detailed budget, including project expenses, specific promotional expenses, and project revenues.

**Workshops & Performing Artists (\$14,000.00):**

- Workshops: pay for workshop presenters, supporting staff and materials (\$2,500.00).
- Performance Artists for festival (\$11,500.00).

**Festival Support (\$7,000.00):**

- Festival Sound, 2 day festival, 1 stage, Johnny F! Productions (\$4,000.00).
- Logistical Support: permits, insurance, portapotties, garbage, security (\$3,000.00).

**Promotion Considered Non-eligible as St Peter Tourism & Visitors Grant Expenses (\$2,320.00):**

- Poster designs & artwork for social media, website, flyers, merchandise (\$500.00).
- Travel expenses: travel to neighboring communities to hang posters, person to person interviews promoting MOMF events, and other (\$250.00).
- Promotional roadside banner for Highway 169 traffic (\$500.00).
- Domain registration for website (\$20.00).

- Remaining costs for website hosting not covered elsewhere (\$250.00).
- Promotional merchandise (t-shirts, stickers and other items given to contestants and general public for the purpose of promoting the organization's mission) (\$800.00).

Total Expenses: \$26,654.00

**7. Please state amount for which you are applying:**

(up to \$1,000 for new events/attractions or \$3,000 for established events/attractions; requested amount cannot exceed eligible expenses)

**\$3,000.00**

**By signing below, I agree to the following:**

- All awarded tourism marketing projects must include the following tagline: "Sponsored in part by the City of Saint Peter Tourism Bureau" or the City of Saint Peter logo. A link to the city website - [www.saintpetermn.gov](http://www.saintpetermn.gov) - must also be included on the grant recipient's website.
- For projects in which it is not possible to include the logo or tagline (i.e., DOT signage, some digital ads, Google ad words, search engine marketing, purchase of marketing lists, etc.) the City logo and/or tagline with a link to [www.saintpetermn.gov](http://www.saintpetermn.gov) must be placed on the home page of the recipient's website.
- For projects completed prior to the grant award notification; applicants must include the required logo/tagline on the project in advance of award announcement, regardless of funding, to be eligible for grant funds.
- I understand that I am required to provide a final report to the Saint Peter Tourism Bureau outlining how the funds were expended. The report shall be made within 60 days of the completion of the project. Future funding is contingent upon submission of the final report.

Eli Hoehn

*Eli Hoehn*

2/7/2025

Applicant Name (printed)

Signature

Date

**Return original to:** Tourism Bureau  
101 S Front St  
Saint Peter, MN 56082  
[edlee@stpeterchamber.com](mailto:edlee@stpeterchamber.com)

*Revised October 2023*

**Eligible Expenses**

- **Advertising** - Types include television, print (newspapers, magazines, journals, etc.), radio, press, internet, mailers, posters
- **Direct Marketing** - Reaching customers directly person-to-person or using digital tools such as email
- **Social Media Marketing** - Direct marketing conducted using social media
- **Content Marketing** - Developing content and media such as promotional videos
- **In-Store Marketing** - Promoting products where they are sold using in-store events, displays, and promotions such as coupons
- **Public Relations** - Press releases, letters to the editor, brochures
- **Postage fees for marketing materials**

**Non-Eligible Expenses**

- Domain names, hosting fees, postage fees for non-marketing materials, on-site signs
- Funding for entire organization website versus just the tourism event page
- Prizes and soft marketing items (t-shirts, stickers, promotional items, etc.)
- In-kind services
- Venue costs (rental fees, stages, tents)
- Entertainment/performer fees
- Security/police
- Marketing consultants/stipends
- Funds cannot be used to "pay" yourself (e.g., reimburse your own organization for printing copies)

Media Kit 2025-2026

# Minnesota River Valley NATIONAL SCENIC BYWAY



Discover the River of Stories

## AN EFFECTIVE BYWAY LURE & MULTI-COMMUNITY TRAVEL PLANNING GUIDE

The Minnesota River Valley National Scenic Byway Visitors Guide is an incredibly cost-effective marketing tool that will put your business in front of thousands of potential visitors, all across Minnesota and the Midwest.

This guide "connects the dots" for visitors, offering a stunning 300-mile stretch of popular attractions and destinations. Join your tourism partners and advertise in this quality guide that will sell YOU to visitors. The byway guide includes:

### IF YOU'RE ONE OF THESE, YOU NEED TO BE IN THIS GUIDE!

Encompassing 10 miles on either side of the Minnesota River, from Browns Valley to Belle Plaine, the Byway includes: Appleton, Beardsley, Belle Plaine, Big Stone City, SD, Browns Valley, Cambria, Clarkfield, Cleveland, Courtland, Dawson, Eagle Lake, Echo, Fairfax, Franklin, Good Thunder, Granite Falls, Green Isle, Hanley Falls, Hanska, Hazel Run, Henderson, Jordan, Lafayette, Lake Crystal, Le Center, Le Sueur, Madison, Madison Lake, Mankato, Montevideo, Morgan, Morton, New Ulm, Nicollet, North Mankato, Ortonville, Ottawa, Redwood Falls, Renville, Sacred Heart, Skyline, St. Peter, St. Clair, Sleepy Eye, Watson, Wood Lake, Lower Sioux Indian Community & Upper Sioux Community.

And these counties:

Big Stone, Blue Earth, Brown, Chippewa, Lac qui Parle, Le Sueur, Nicollet, Redwood, Renville, Scott, Sibley, Swift, Traverse and Yellow Medicine.

Each Byway advertiser will have the opportunity to showcase their attractions, such as:

Heritage & Historic Sites  
Breweries • Wineries Pageants  
& Theatre Accommodations &  
Dining Resorts and Bed &  
Breakfasts • Area Attractions &  
Museums • Shopping &  
Antiquing  
Wildlife & Birding • Festivals &  
Events • State Parks & Trails



## DISTRIBUTION

### BE SEEN BY THE RIGHT TRAVELERS!

With a distribution of 20,000 copies & a target market throughout the upper Midwest, the Byway Guide will be distributed via the following:

Explore Minnesota Tourism Fulfillment Center Distribution  
Byway Office Fulfillment Distribution & Direct Mail  
Minnesota Travel Information Centers • Byway Member Locations,  
CVBs & Chamber Offices • Mall of America • Rack  
Distribution • Mailed in Response to Direct Requests

## OUR GUIDE IS ONLINE AT NO ADDED CHARGE TO YOU!

The Minnesota River Valley National Scenic Byway Visitors Guide will be online in an easy-to-read digital format. It will drive potential visitors to your website by hyperlinking your display ad right to your website address. All of this at no added charge!

35

DEADLINE

AD RESERVATION and MATERIALS: March 31, 2025

# Minnesota River Valley NATIONAL SCENIC BYWAY

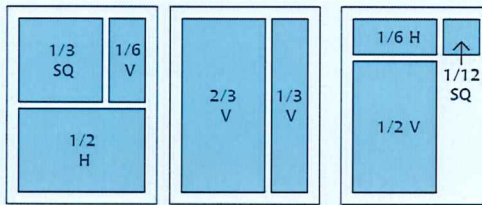
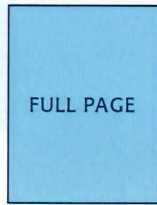
ADVERTISER \_\_\_\_\_ CONTACT \_\_\_\_\_

PHONE \_\_\_\_\_ ADDRESS \_\_\_\_\_

EMAIL \_\_\_\_\_ WEBSITE \_\_\_\_\_

BILLING ADDRESS (if different from above) \_\_\_\_\_

Bleed is .125" around Full Page. Please include this on your file size and submit print-ready PDFs without crop or trim marks that include the bleed in the size.



These ads don't bleed. Please make actual size and don't include any trim or crop marks on print-ready PDF when submitting.

Full page with 0.125" bleed  
Trim Size = 8.25" x 10.75"  
Bleed Size = 8.5" x 11"

2/3 page  
Vertical = 4.95" x 10"

1/2 page  
Vertical = 4.95" x 7.5"  
Horizontal = 7.5" x 4.95"

1/3 page  
Vertical = 2.42" x 10"  
Square = 4.95" x 4.95"

1/6 page  
Vertical = 2.42" x 4.95"  
Horizontal = 4.95" x 2.42"

1/12 page  
Square = 2.42" x 2.42"

## ADVERTISING RATES & SIZES

	AD RATE
<b>PREMIUM PLACEMENT DISPLAY ADVERTISING</b>	
<input type="checkbox"/> BACK COVER: (bleed) 8.5" x 11"	\$3,800
<input type="checkbox"/> INSIDE FRONT: (bleed) 8.5" x 11"	\$2,850
<b>STANDARD PLACEMENT DISPLAY ADVERTISING</b>	
<input type="checkbox"/> FULL PAGE: (bleed or non-bleed) 8.5" x 11"	\$1,900
<input type="checkbox"/> 2/3 PAGE: 4.95" x 10"	\$1,710
<input type="checkbox"/> 1/2 PAGE: Vertical 4.95" x 7.5"	\$1,140
<input type="checkbox"/> 1/2 PAGE: Horizontal 7.5" x 4.95"	\$1,140
<input type="checkbox"/> 1/3 PAGE: Vertical 2.42" x 10"	\$855
<input type="checkbox"/> 1/3 PAGE: Square 4.95" x 4.95"	\$855
<input type="checkbox"/> 1/6 PAGE: Vertical 2.42" x 4.95"	\$456
<input type="checkbox"/> 1/6 PAGE: Horizontal 4.95" x 2.42"	\$456
<input type="checkbox"/> 1/12 PAGE: 2.42" x 2.42"	\$285

## AD RESERVATION AND MATERIALS DEADLINE:

March 31, 2025

I AGREE TO THE AD SIZE AND RATE

Ad size: \_\_\_\_\_ Rate: \_\_\_\_\_

Advertiser Signature \_\_\_\_\_

Date \_\_\_\_\_

**Questions?** Jordan Schreck, Program Assistant  
320.289.1981 x 104 | jordan@umvrhc.org  
323 West Schlieman Ave. Appleton, MN 56208



Upper Minnesota Valley  
**REGIONAL DEVELOPMENT COMMISSION**  
Helping Communities Prosper



DESIGN HOUSE

RETURN THIS FORM TO:

**MINNESOTA RIVER VALLEY NATIONAL SCENIC BYWAY ALLIANCE**  
jordan@umvrhc.org  
323 W. Schlieman Ave., Appleton, MN 56208

# 2021 Minnesota Statutes

## 469.190 LOCAL LODGING Next Previous TAX Next.

### 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 Previous tax Next of up to three percent on the gross receipts from the furnishing for consideration of Previous lodging Next 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 Previous tax Next authorized under this subdivision on the camping site receipts of a municipal campground.

### Subd. 2. **Existing taxes.**

No statutory or home rule charter city or town may impose a Previous tax Next under this section upon transient Previous lodging Next that, when combined with any Previous tax Next authorized by special law or enacted prior to 1972, exceeds a rate of three percent.

### Subd. 3. **Disposition of proceeds.**

Ninety-five percent of the gross proceeds from any Previous tax Next 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. This subdivision shall not apply to any statutory or home rule charter city or town that has a Previous lodging Next Previous tax Next authorized by special law or enacted prior to 1972 at the time of enactment of this section.

### Subd. 4. **Unorganized territories.**

A county board acting as a town board with respect to an unorganized territory may impose a Previous lodging Next Previous tax Next within the unorganized territory according to this section if it determines by resolution that imposition of the Previous tax Next is in the public interest.

### Subd. 5. **Reverse referendum.**



# **Minnesota Lodging Tax**

## Table of Contents:

Statute 469.190.....	3
Lodging Tax History.....	5
MN Department of Revenue: Sales Tax/Hotels and Lodging Facilities.....	14
Summary of Attorney General's Opinions.....	24



**Statute 469.190**

## 2016 Minnesota Statutes

[Authenticate](#)

### 469.190 LOCAL LODGING TAX.

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.

Subd. 2. **Existing taxes.** No statutory or home rule charter city or town may impose a tax under this section upon transient lodging that, when combined with any tax authorized by special law or enacted prior to 1972, exceeds a rate of three percent.

Subd. 3. **Disposition of proceeds.** 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. This subdivision shall not apply to any statutory or home rule charter city or town that has a lodging tax authorized by special law or enacted prior to 1972 at the time of enactment of this section.

Subd. 4. **Unorganized territories.** A county board acting as a town board with respect to an unorganized territory may impose a lodging tax within the unorganized territory according to this section if it determines by resolution that imposition of the tax is in the public interest.

Subd. 5. **Reverse referendum.** If the county board passes a resolution under subdivision 4 to impose the tax, the resolution must be published for two successive weeks in a newspaper of general circulation within the unorganized territory, together with a notice fixing a date for a public hearing on the proposed tax.

The hearing must be held not less than two weeks nor more than four weeks after the first publication of the notice. After the public hearing, the county board may determine to take no further action, or may adopt a resolution authorizing the tax as originally proposed or approving a lesser rate of tax. The resolution must be published in a newspaper of general circulation within the unorganized territory. The voters of the unorganized territory may request a referendum on the proposed tax by filing a petition with the county auditor within 30 days after the resolution is published. The petition must be signed by voters who reside in the unorganized territory. The number of signatures must equal at least five percent of the number of persons voting in the unorganized territory in the last general election. If such a petition is timely filed, the resolution is not effective until it has been submitted to the voters residing in the unorganized territory at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the referendum.

Subd. 6. **Joint powers agreements.** Any statutory or home rule charter city, town, or county when the county board is acting as a town board with respect to an unorganized territory, may enter into a joint exercise of powers agreement pursuant to section [471.59](#) for the purpose of imposing the tax and disposing of its proceeds pursuant to this section.

Subd. 7. **Collection.** The statutory or home rule charter city may agree with the commissioner of revenue that a tax imposed pursuant to this section shall be collected by the commissioner together with the tax imposed by 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.

**History:** [1987 c 291 s 191](#); [1989 c 277 art 1 s 30](#); [1Sp1989 c 1 art 8 s 1-3](#); [1990 c 604 art 6 s 6-8](#)

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# Lodging Tax History

**INFORMATION BRIEF**  
**Research Department**  
**Minnesota House of Representatives**  
600 State Office Building  
St. Paul, MN 55155

Pat Dalton, Legislative Analyst  
651-296-7434

August 2012

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## **Local Lodging Taxes in Minnesota**

Lodging taxes are imposed on short-term lodging by a number of local governments in Minnesota, mainly by cities and towns. All cities and towns, and counties on behalf of unorganized townships, may impose up to a 3 percent tax by statute, if 95 percent of the revenue raised is used for tourism promotion. Lodging taxes imposed at a higher rate or for other purposes are generally imposed under special law, although a few enacted before 1972 were imposed by city charter.

This information brief provides a history of local lodging taxes in Minnesota. In addition to the history, a table at the end provides more detail on the local lodging taxes imposed by special law or city charter by individual local governments.

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### **Lodging Taxes Prior to 1972**

Prior to 1972, the state did not prohibit local governments from imposing local sales taxes on either general sales or sales of specific items, including lodging. Home rule charter cities could enact local lodging taxes if allowed under the charter. In 1969 a special law was passed that allowed Minneapolis to impose a 3 percent tax on admissions, transient lodging, and sales at restaurants and bars with live entertainment.

In 1970, Bloomington, Duluth, and St. Paul all passed 3 percent transient lodging taxes by ordinance and charter amendments. The Bloomington tax also applied to admissions to spectator events. In 1971, the city of Rochester also adopted a 3 percent local lodging tax by charter amendment and ordinance.

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## Prohibition Against Most Local Taxes in 1971

In 1971, as part of the “Minnesota Miracle” and as a tradeoff for more state aid to local governments, the legislature enacted a general prohibition against new or increased local sales and income taxes. The law states that “No county, city, town, or other taxing authority shall increase a present tax or impose a new tax on sales or income.”<sup>1</sup> This prohibition applies to lodging taxes as well as general sales taxes. The preexisting taxes, however, were allowed to continue.

Between 1972 and 1983 only two new lodging taxes were authorized under special law: a 3 percent tax in the city of St. Cloud (1979) and a Minneapolis tax (1979) in the downtown area to fund the Metrodome.<sup>2</sup>

## General Statutory Authority for Lodging Taxes

In 1983, notwithstanding the general prohibition against local sales taxes, the state authorized cities to impose a local sales tax of up to 3 percent on transient lodging of 30 days or less.<sup>3</sup> In 1985 the authority was expanded to towns and counties on behalf of unorganized territories in the county. The authority was also granted to any combination of cities, towns, and counties acting under a joint powers agreement. In addition, the 1985 law allowed cities to extend the lodging tax on camping site receipts in a municipal campground. Currently, about 100 jurisdictions impose a local lodging tax under this authority.

A city can impose the tax by ordinance, and a town can impose the tax by a vote of the electors at a general or special town meeting. To impose the tax in unorganized territories, the county board must pass a resolution to that effect, put a public notice in the newspaper, and hold a public hearing prior to passing a final resolution imposing the tax. If 5 percent of the voters in the unorganized territories petition for a vote within 30 days of the final resolution, the tax may not be imposed until approved by the voters in the unorganized territories at a general or special election.

Ninety-five percent of the revenues from a tax imposed under the general authority must be used for tourism and convention center promotion. In addition, the statute prohibits a local government that has a lodging tax imposed by a special law or charter provision to use the statutory authority to increase the combined lodging tax rate to more than 3 percent.

In 1987, as part of the recodification of the local lodging tax statute, a provision was added allowing a jurisdiction to negotiate with the Department of Revenue to collect the lodging tax. The department is allowed to retain from the collected revenues an amount to cover the costs of collection. Most local governments continue to collect the tax locally; the state only collects

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<sup>1</sup> Minn. Stat. § 477A.016.

<sup>2</sup> In addition, the city of Duluth was granted authority to impose a general 1 percent sales tax under 1973 special law on all taxable sales in the city, including lodging.

<sup>3</sup> Laws 1983, ch. 342, art. 13, originally codified in Minn. Stat. § 477A.018 and recodified in Minn. Stat. § 469.190 under Laws 1987, ch. 291, § 191.

lodging tax for the cities of Minneapolis, St. Paul, Rochester, and Biwabik. A 2011 law requires that any local lodging tax collected by the state to use the statutory definition of “lodging” in chapter 297A as the tax base. The current definition of lodging contained in Minnesota Statutes, section 469.190, differs slightly from the definition for sales tax purposes contained in Minnesota Statutes, section 297A.61, subdivision 3, paragraph (g), clause (2), as do the lodging definitions for lodging taxes imposed under some of the special laws.<sup>4</sup>

During the 1989 special session, the law was amended to increase the maximum local lodging tax rate imposed under the statute from 3 percent to 6 percent and to allow the local government to use the amount raised by the tax rate above 3 percent for general governmental purposes. This increase in authority was repealed in 1990, and the allowed rate of 3 percent and allowed use for tourism and convention promotion have not changed since 1990.

### **Use of Local Sales Tax Revenue for First Class Cities**

In Laws 2012, chapter 299, article 5, section 6, all cities of the first class were granted additional flexibility in the use of revenue derived from any local sales tax, including lodging taxes.<sup>5</sup> A city may divert any revenue not needed to fund the projects listed in the authorizing law for the local tax to fund construction, expansion, or renovation projects for a sports facility or convention center, if the project cost is at least \$40 million.

A summary of the lodging taxes imposed under special law, or by local charter prior to 1972, are listed in the following table.

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<sup>4</sup> The main difference lies with the inclusion of fees charged by online travel companies in the state’s definition of lodging for general sales tax purposes that was enacted in 2011. The complementary change was not made to the definition of lodging in the local lodging tax statute. Some special law lodging taxes treat other related services such as phone charges and room service differently from the definition in the general sales tax law.

<sup>5</sup> Minn. Stat. § 297A.9905.

**Local Lodging Taxes Authorized under Special Law or City Charter**

Taxing Jurisdiction/ Year First Authorized	Rate	Use of Revenues/Other Comments	Authorizing Legislation and Later Amendments
Minneapolis – 1969	3.0%  No limit—not imposed	<p>Any city purposes. Imposed as part of a general entertainment tax.</p> <p>Debt service on the Metrodome. The law allowed the city to enter into an agreement with the Metropolitan Sports Facility Commission to impose a temporary tax on lodging in the downtown taxing area if necessary. A 3.0% tax was imposed for the years 1979 to 1984. For purposes of this tax the city defined the downtown taxing area as the entire city. The 1994 law extended the tax to allow it to be used to finance a basketball and hockey arena (i.e., Target Center) but required revenues generated from a rate of 0.25% go to the Minneapolis Park and Recreation Board for youth sports; the extended tax was never imposed.</p> <p>The 2012 law abolishes the Metropolitan Sports Facility Commission and directs the commission to submit a technical bill to the 2013 Legislature containing conforming changes, which will likely include repeal of this tax authority.</p>	<p>Laws 1969, ch. 1092</p> <p>Laws 1979, ch. 203, § 11, as amended by Laws 1994, ch. 648, art. 1, § 11, and codified in Minn. Stat. § 473.592; Laws 2012, ch. 299, art. 1, § 24</p>
	3.0%  (imposed at 2.625%)	<p>Pays for city convention center improvement, operations, and promotion. The 2012 law expanded the allowed uses of revenues to include neighborhood and downtown capital improvements, including sports arenas. The tax applies only to lodging facilities with 50 or more rooms and may be imposed at a rate up to 3.0% provided that the total sales and lodging taxes on these rooms does not exceed 13.0%. The 2012 law expanded the authorized use of the revenue to include funding the renovation, expansion, construction of the basketball arena and other capital projects in the city, and forbade the expiration of the tax prior to January 1, 2047.</p>	<p>Laws 1986, ch. 396, § 5, amended by Laws 2001, 1st Spec. Sess., ch. 5, art. 12, § 87, and Laws 2012, ch. 299, art. 3, § 3</p>
<b>Total imposed rate</b>	<b>3.0%</b> <b>5.625%</b>	<p><b>On facilities with fewer than 50 rooms</b> <b>On facilities with 50 or more rooms</b></p>	

**Local Lodging Taxes Authorized under Special Law or City Charter**

Taxing Jurisdiction/ Year First Authorized	Rate	Use of Revenues/Other Comments	Authorizing Legislation and Later Amendments
<b>Bloomington – 1970</b>	3.0%	General fund and advertising and promotion of business and industry. The allowed uses were expanded in the 2008 law.	Approved by ordinance under the city charter in 1970
	2.0%	Improvements around the former Metropolitan Stadium site, south of the airport. The law allowed an additional tax rate of up to 5.0% but only 2.0% was imposed. The use was expanded in the 2008 law.	Laws 1986, ch. 391, § 4
	2.0%	Bloomington Convention Bureau for tourism promotion. The original law allowed a rate of only 1.0% and required revenues to be used for the metropolitan sports area. The 1991 law changed the revenue dedication, and the 2002 law increased the rate to 2.0%. The allowed uses were expanded in the 2008 law.	Laws 1990, ch. 604, art. 6, § 9, amended by Laws 1991, ch. 291, art. 8, § 25, and Laws 2002 ch. 377, art. 3, § 20
<b>Total imposed rate</b>	7.0%	Mall of America Phase II improvements. Applies only to lodging facilities in an area made up of tax increment finance districts No. 1-C and 1-G. The tax may be imposed at any rate up to 1.0%. Not yet imposed. The 2008 law also allows the city to use revenues from the lodging taxes authorized in 1991 for this new purpose provided that (1) the revenue derives from lodging facilities constructed after 2008 that are located in tax increment finance districts No. 1-C and 1-G; and (2) the revenues are not contractually pledged to another purpose.	Laws 2008, ch. 366, art. 5, § 28
<b>Duluth – 1970</b>	3.0%	Maintenance of the Duluth Arena-Auditorium	Approved by ordinance under the city charter in 1970
	1.0%	Tourism promotions and subsidize operating costs for the Duluth Arena-Auditorium and Spirit Mountain Recreation Area	Laws 1980, ch. 511, § 2
	1.5%	Repay debt for the Duluth Entertainment and Convention Center (DECC) and then for tourism and convention center promotion	Laws 1998, ch. 389, art. 8, § 26
<b>Total imposed rate</b>	5.5%		

47



Local Lodging Taxes Authorized under Special Law or City Charter			
Taxing Jurisdiction/ Year First Authorized	Rate	Use of Revenues/Other Comments	Authorizing Legislation and Later Amendments
<b>Rochester – 1970</b>	3.0%	General fund and for tourism promotion	Approved by ordinance under the city charter in 1970
	1.0%	Local tourism bureau	Laws 2002, ch. 377, art. 3, § 25
	1.0% (not imposed)	Revenues to fund renovation and expansion of the Mayo Civic Center, including bond repayment provided that bonds for the project are issued by December 31, 2014. Not yet imposed.	Laws 2010, ch. 389, art. 5, § 3
<b>Total imposed rate</b>	<b>4.0%</b>		
<b>St. Paul – 1970</b>	3.0%	Originally the revenues went to the city general fund but the 1982 law that superseded the original ordinance required at least 25.0% of the revenue be used for debt service on bonds for civic center parking improvements.	Approved by ordinance under the city charter in 1970, superseded by Laws 1982, ch. 523, art. 25, § 1
	3.0%	Tourism promotion. This tax only applies to facilities with 50 or more rooms. The tax was originally authorized at a rate of 2.0% but this was increased to 3.0% in 1991. The 2011 law updated the definition of “lodging” to match the definition in the 1982 law.	Laws 1986, ch. 462, 31, amended by Laws 1991, ch. 291, art. 8, § 24, and Laws 2011, ch. 112, art. 4, § 31
<b>Total imposed rate</b>	<b>3.0%</b> <b>6.0%</b>	<b>On facilities with fewer than 50 rooms</b> <b>On facilities with 50 or more rooms</b>	
<b>St. Cloud – 1979</b>	3.0%	The law specified no required use.	Laws 1979, ch. 197
	2.0%	Promote, operate, and maintain the convention center and related facilities	Laws 1986, ch. 379, § 2
<b>Total imposed rate</b>	<b>5.0%</b>		
<b>Towns of Tofte, Lutsen, and Schroeder – 1987</b>	2.0%	Construction, debt service, and maintenance of public recreational facilities located in the town. The tax is administered by Cook County but was approved by residents of the township.	Laws 1987, ch. 168, § 2

<b>Local Lodging Taxes Authorized under Special Law or City Charter</b>			
<b>Taxing Jurisdiction/ Year First Authorized</b>	<b>Rate</b>	<b>Use of Revenues/Other Comments</b>	<b>Authorizing Legislation and Later Amendments</b>
<b>Winona – 1991</b>	<b>1.0%</b>	50% of proceeds used to pay debt on the Julius C. Wilke Steamboat Center with the remainder used for tourism and convention promotion. Originally when the center was paid off, the city could either reduce the tax to 0.5% or dedicate all proceeds to tourism and convention promotion. The 1995 law eliminated the reduction of the tax rate and allowed the city to use money revenues previously used for the Steamboat Center to fund improvements to the levee and adjacent areas, Prairie Island shoreline, and the city marina.	Laws 1991, ch. 291, art. 8, § 28, amended by Laws 1995, ch. 264, art. 3, § 38
<b>Roseville – 1992</b>	<b>2.0%</b> (not imposed)	Construction and maintenance of a multiuse speed skating facility. The law required the city to hold a referendum prior to imposing the tax but the referendum failed so the tax was never imposed. The rink was later built with state funds.	Laws 1992, ch. 511, art. 8, §27
<b>Two Harbors – 1994</b>	<b>1.0%</b>	Preserve and display the tugboat Edna G. The total combined lodging tax imposed under this law and Minn. Stat. § 469.190 may not exceed 3.0%.	Laws 1994, ch. 587, art. 9, § 11
<b>Central Cities – 1998</b>	<b>0.5%</b> (not imposed)	Costs related to the central Minnesota Events Center including operating costs for the first five years. The tax would have applied to lodging in the cities of St. Cloud, Sartell, Sauk Rapids, St. Joseph, and Waite Park. The tax was to be imposed by ordinance in each city but because a complementary general sales tax to fund the same project was not approved by local voters, no city imposed the lodging tax.	Laws 1998, ch. 389, art. 8, § 44
<b>Newport – 2003</b>	<b>4.0%</b>	Economic development. The tax only applies to facilities with 25 rooms or more. The total combined lodging tax imposed under this law and Minn. Stat. § 469.190 may not exceed 4.0%.	Laws 2003, ch. 127, art. 1, § 33
<b>Total imposed rate</b>	<b>4.0%</b> <b>0.0%</b>	<b>Facilities with 25 or more rooms</b> <b>Facilities with fewer than 25 rooms</b>	

**Local Lodging Taxes Authorized under Special Law or City Charter**

Taxing Jurisdiction/ Year First Authorized	Rate	Use of Revenues/Other Comments	Authorizing Legislation and Later Amendments
Itasca County – 2003	–	This expands the authority that counties have to impose a lodging tax under Minn. Stat. § 469.190 in unorganized townships to all organized and unorganized townships in Itasca County only. Any township lodging taxes imposed at the time the countywide tax is imposed expire. All the other provisions of the statute apply.	Laws 2003, 1st Spec. Sess., ch. 21, art. 8, § 18
Hubbard County – 2005	–	This expands the authority that counties have to impose a lodging tax under Minn. Stat. § 469.190 in unorganized townships to all organized and unorganized townships in Hubbard County only. Any township lodging taxes imposed at the time the countywide tax is imposed expire. All the other provisions of the statute apply.	Laws 2005 1st Spec. Sess., ch. 3, art. 5, § 40
Proctor – 2005	–	The law allows the city to redirect up to 10% of the revenue from the existing local lodging tax imposed in the city under Minn. Stat. § 469.190 to preservation of a city-owned historic locomotive and airplane.	Laws 2005, 1st Spec. Sess., ch. 3, art. 5, § 41
Giant's Ridge Recreation Area – 2010 (Biwabik)	2.0%	Construction, maintenance, and improvement of public recreational facilities within the Giant's Ridge Recreation Area located in the city of Biwabik. The allowed tax rate was up to 5.0% but it was only imposed at a 2.0% rate. The Biwabik city council and the Iron Range Resource and Rehabilitation Board (IRRRB) both had to approve imposing the tax, and the revenues are administered by the IRRRB.	Laws 2010, ch. 389, art. 5, § 7
Marshall – 2010	Up to 1.5% (not yet imposed)	Costs related to the Minnesota Emergency Response and Industry Training (MERIT) Center and the Southwest Minnesota Regional Amateur Sports Center. To impose the tax the city had to get voter approval within two years of the passage of the law. The 2011 law extended the time for holding the required referendum to three years to allow the vote to occur with a vote on imposing a general local sales tax for the same purpose as authorized under the 2010 law.	Laws 2010, ch. 389, art. 5, § 6, as amended by Laws 2011, 1st Spec. Sess., ch. 7, art. 4, § 9

For more information about local taxes, visit the sales tax area of our website, [www.house.mn/hrd/hrd.htm](http://www.house.mn/hrd/hrd.htm).

**MN Department of Revenue:  
Tales Tax/Hotels & Lodging  
Facilities**

# Hotels and Lodging Facilities

141

Sales Tax Fact Sheet 141

Fact Sheet

## What's New in 2017

We have clarified who is responsible for collecting sales tax on residential short-term rentals (vacation home rentals). See Residential Short-Term Rentals.

Starting July 1, 2017, the only taxable food sold through vending machines is prepared food, soft drinks, candy, and dietary supplements.

Lodging facilities must charge sales tax on short-term lodging and certain related services. This may also include local sales taxes or city lodging taxes. For more information, see fact sheets:

- 164, *Local Sales and Use Taxes*
- 164S, *Special Local Taxes*

Lodging is the rental of a room or rooms for a temporary place to stay or live. Charge sales tax on lodging and lodging-related services furnished for periods of:

- less than 30 days; and
- 30 days or more if there is no enforceable written lease agreement that requires the customer to give prior notice of their intention to terminate

Lodging facilities include (but are not limited to):

- bed and breakfasts
- hotels
- campgrounds
- motels
- resorts
- residential short-term rentals
- rooming houses
- trailer camps

## Lodging-related services

Charges for services provided within a guest room are taxable.

### Examples

- cots, cribs, refrigerators, roll-away beds, and exercise equipment
- food or liquor from mini-bars and refrigerators
- in-room safes
- laundry and dry cleaning services
- pay-per-view movies and video games
- room service or room delivery, including mandatory tips and gratuities
- telephone access charges in guest rooms

## Residential Short-Term Rentals

Residential short-term rentals include homes, a portion of a home, or any other property used for a temporary place to stay or live. Residential short-term rentals are a form of lodging and related services. Charges for the rentals are subject to general rate sales tax and any applicable local and lodging taxes. See [Sales – Lodging and Related Services](#).

**Facilitating the sale**

Facilitating the sale of lodging includes “brokering, coordinating, or in any way arranging for purchase of or the right to use accommodations by a customer.” Facilitating the sale of lodging includes **both**:

- Collecting receipts from the customer of the lodging
- Transmitting the receipts to the owner of the residential property, whether the accommodations intermediary deducts or causes to be deducted any fees or other amounts from those receipts, either:
  - Directly by the accommodations intermediary or
  - Indirectly through agreements or arrangements with third parties

Facilitating the sale does not include only advertising the availability of the residential property for short-term rental, which directs the customer of the lodging to contact the owner of the property to reserve and purchase the lodging.

For all residential short-term rentals, who facilitates the sales transaction determines who is responsible for the tax. See the chart below for details.

<b>Residential short-term rental situations</b>	<b>Who’s responsible for the tax*</b>
The residential property is located in Minnesota and both conditions apply: <ul style="list-style-type: none"> <li>• The owner regularly furnishes lodging directly to a customer in the normal course of business (done for the purpose of profit or producing income)</li> <li>• The customer makes the reservation with and pays the owner for the lodging and related services</li> </ul>	The property owner must register as a retailer to collect, report, and remit taxes on the full sales price of lodging and related services.
The residential property is located in Minnesota and the owner uses the services of an accommodations intermediary to facilitate all sales of lodging at the owner’s property.	The accommodations intermediary must register as a retailer to collect, report, and remit taxes on the full sales price of lodging and related services.
The residential property is located in Minnesota and the rental of the business property by the owner is an isolated incident, not made in the normal course of business. See <i>Isolated or occasional sales</i> (page 3)	The property owner is not required to register or collect taxes on the sale.
The residential short-term rental is facilitated by <b>both</b> : <ul style="list-style-type: none"> <li>• the property owner in the normal course of business</li> <li>• an accommodations intermediary to facilitate short-term lodging</li> </ul>	Both the owner and the intermediary are responsible for sales tax. The sales tax is handled as follows: <ul style="list-style-type: none"> <li>• <b>The property owner</b> is required to collect, report, and remit taxes on the lodging and related services where they did not use the services of an accommodations intermediary.</li> <li>• <b>The accommodations intermediary</b> is required to collect, report, and remit taxes on the lodging and related services they facilitated.</li> </ul>

\*You must keep documentation to support who facilitated the sale and was responsible for remitting the applicable taxes on the lodging and related services.

For more information, see Revenue Notice 17-06, Lodging and Related Services – Residential Short-Term Rentals.

### **Isolated or occasional sales**

For sales tax, a sales tax exemption will apply to the short-term rental in Minnesota if the sale is isolated or occasional, and not made in the normal course of business of selling lodging and related services. An “isolated” sale happens once. An “occasional sale” is infrequent and does not reoccur with some degree of regularity. Normal course of business is defined as activities that demonstrate a commercial continuity or consistency of making sales or performing services for the purposes of attaining profit or producing income.

For income tax purposes, the Internal Revenue Code (IRC) provides an isolated sale exemption when you rent out for 14 days or less a year a property that you also use as your home. This is an exemption from income tax on that rental income. However, this exemption does not apply to sales tax. Unless a sales tax exemption applies you must collect sales tax on the short-term rental of your property.

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## **Complimentary services versus package deals**

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Supplies to provide complimentary services are taxed differently than supplies used to provide package deals.

### **Complimentary services**

Complimentary services (or items) are those given to the customer as a courtesy with no additional charge.

#### **Examples**

- Complimentary breakfast
- Free birthday dessert
- Free drink in response to a customer complaint
- Shampoo, conditioner, and soap

**Note:** A complimentary breakfast is when the customer has access to breakfast and the charge for their room is not affected if they eat the meal or not.

When complimentary services are provided, hotels and lodging facilities must pay sales tax when they buy inputs to those services. This includes disposable items such as plates, napkins, silverware, etc.

Hotels or lodging facilities providing complimentary items must pay sales tax on the purchase of those items.

### **Package deals**

A package deal is when the customer purchases a group of related products or services for one specified price.

#### **Examples**

- A “romance package” that might include a room, wine, dinner for two, and chocolate
- Free children’s meal
- Two-for-one drinks

When a package deal is purchased, the customer pays sales tax on the entire cost of that package. Hotels and lodging facilities may purchase inputs for these deals exempt for resale.

In this situation, disposable items can be purchased exempt because they are included in the taxable price that was paid by the customer.

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## **Other taxable charges**

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### **Admissions to recreational areas and fees to use recreational facilities**

Recreational facilities includes campgrounds, golf courses, mini golf courses, picnic grounds, playgrounds, tennis courts, health clubs, swimming beaches and pools.

For more information, see Fact Sheet 123, *Admissions and Amusement Devices*.

### **Copies**

Charges for copies are taxable, including coin-operated machines.

**Damage charges**

Charges for damage to tangible items, such as equipment or boats, are taxable.

Charges for damage to real property, such as a hotel room or building, are not taxable.

If the charge is a combination of tangible items and real property; the entire charge is taxable if the nontaxable portion is not separately stated.

**Equipment sales**

Sales of surplus or used equipment or other items may be subject to sales tax.

For more information, see Fact Sheet 132, *Isolated and Occasional Sales*.

**Fax charges**

Charges to send a fax are taxable.

**Food and liquor sales**

Lodging facilities that have a restaurant, bar, or eating establishment must charge tax on those sales.

For more information, see Fact Sheet 137, *Restaurants and Bars*.

**Gift shop sales**

Most gift shop sales are taxable, except for food, clothing, and drugs

For more information, see:

- Fact Sheets 102A through E, *Food and Food Ingredients, Candy, Soft Drinks and Other Beverages, Prepared Food, and Dietary Supplements*
- Fact Sheet 105, *Clothing*
- Fact Sheets 117A through F, *Drugs, Grooming and Hygiene Products, Durable Medical Equipment, Mobility Enhancing Equipment, Prosthetic Devices, and Health Product Exemptions*

Newspapers and tabloids are not taxable. Magazines or periodicals sold over the counter or through vending machines are taxable.

**Jukebox, pool table, and electronic games**

Charges to use these devices are taxable.

**'No show' charges**

'No show' charges are when the room was held for the customer, but the customer did not arrive and failed to cancel the reservation. These charges are taxable because a sale was made.

**Parking fees**

Parking fees are taxable, including charges for valet parking and car washing.

**Rental of equipment**

If charges to rent equipment are billed separately from a nontaxable meeting room, they are taxable.

This includes equipment such as audio-visual equipment, computers, public address systems, tables, chairs, flowers and decorations.

**Rental of games and recreational equipment**

Rental of games and recreational equipment is taxable, including the rental of games, athletic equipment, boats, paddle boats, canoes, and pontoons.

**Sales to schools and nonprofits**

Lodging is taxable when sold to schools, school districts and nonprofit organizations, even when billed directly to the school or nonprofit organization.



**Note:** Form ST3, *Certificate of Exemption*, cannot be used to purchase lodging exempt from sales tax.

### **Telephone**

Charges to guests for the actual cost of telephone calls they make are not taxable if the charge is separately stated on the guest's bill because the charge from the phone company to the hotel includes the sales tax.

Charges to guests for making the telephone service available to them are taxable. For example, if a hotel charges 50 cents per local call, it is an access charge and is taxable.

### **Telephone call accounting systems**

Many hotels use "call accounting systems" to track and determine the amount to charge guests for long distance telephone calls. When using these systems, hotel personnel don't know how much the actual telephone service costs until they receive their next bill from the telephone company.

In this situation, the hotel must charge sales tax on the total amount billed to their guests for long distance telephone service. The hotel must also continue to pay sales tax to the telephone company for all telephone services.

When the hotel can distinguish between telephone calls billed to guests and their own administrative costs for telephone service, the hotel is allowed to adjust the taxable amount reported on the sales tax return. This is done by subtracting the amount they are billed for the actual costs of long distance phone calls made by guests.

### **Tips and service charges**

Tips left voluntarily by a customer are not taxable. This includes tips voluntarily added to a credit card slip.

A tip or service charge is taxable when added to the bill by the seller, even if the amount is separately stated or distributed directly to employees.

### **Vending machines, coin-operated devices, or self-service honor systems**

Starting July 1, 2017, the only taxable food sold through vending machines is prepared food, soft drinks, candy, and dietary supplements. Previously, all food sold through vending machines was taxable.

Nontaxable items sold through vending machines include clothing (swimsuits, pantyhose, etc.), feminine hygiene products, aspirin and other drugs, postage stamps, and newspapers.

Generally, the person responsible for removing money from the vending machine or other coin-operated device is responsible for reporting and paying the sales tax.

For more information, see Fact Sheet 158, *Vending Machines and Other Coin-Operated Devices*.

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## **Nontaxable sales**

Examples of services sold by lodging facilities that are not subject to sales tax include:

- Coat check
- Gift certificates
- Meeting room or banquet hall rental
- Messenger service
- Rented space for vendors (except sales tax is due on the portion of the rent that is attributable to use of the equipment, phones, furniture, parking spaces, etc.)

### **Cancellation charges**

Cancellation charges are not taxable because the room was cancelled, no sale occurred and no sales tax is due.

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## **Sales to governments**

### **Federal government**

Lodging billed directly to and paid for by the federal government and its agencies are not taxable. However, lodging billed to an employee who is reimbursed by the federal government is taxable.

### **Federal credit cards**

Federal employees sometimes use government credit cards to make purchases. There are four types of cards.

- Fleet Cards – for purchasing fuel and supplies for government vehicles
- Purchase Cards – for purchasing general supplies and services
- Travel Cards – for paying expenses related to official government travel (airline, hotel, meals, incidentals)
- Integrated Cards – that combine two or more of the above functions into one card

#### **How are federal credit cards identified?**

The following 4-digit prefixes identify credit cards issued by the federal government. The prefix is the first group of numbers on the card.

- Visa – 4486, 4614, or 4716 (fleet only)
- MasterCard – 5565 or 5568
- Voyager (fleet only) – 8699
- Wright Express (fleet only) – 5565

#### **When to charge tax on federal credit card purchases**

To determine if a purchase is taxable, sellers must consider the type of federal credit card and, in some cases, what is being purchased.

- Travel Card – look at the sixth digit of the card; if the sixth digit is:
  - 1, 2, 3, or 4, you must charge sales tax
  - 6,7,8,9, or 0, do not charge sales tax
- Integrated Card – follow the above guidelines for fleet, general, and travel purchases, depending on what is being purchased

#### **Tribal governments and members**

All short-term lodging of tribal officials on the reservation is exempt if:

- it is for tribal officials acting in their government capacity; and
- they are billed to and paid for by a tribal government

Off-reservation short-term lodging and related services for tribal officials are exempt only if the tribal government has a tax agreement with the Minnesota Department of Revenue that exempts purchases off the reservation by the tribal government solely for its own use. All Minnesota tribal governments have such an agreement, except for the Prairie Island Mdewakanton Community.

**Note:** This exemption does not apply to rooms rented by the tribal government to be used by others as part of a promotional package or for a similar business use.

#### **State government**

Lodging sold to state government agencies is taxable. This includes the state of Minnesota and all other states. State agencies must pay state and any applicable local taxes.

**Note:** Minnesota state agencies cannot use their direct pay authorization to buy lodging exempt from sales tax.

#### **Local government**

Lodging sold to local government agencies is taxable. Local governments include Minnesota and non-Minnesota counties, cities, municipalities, townships, political subdivisions, commissions, special districts, and government boards.

Local governments must pay state sales and use tax, but are not required to pay local general sales and use taxes. However, local governments are required to pay other special local taxes such as lodging, restaurant, and liquor taxes imposed by local governments.

For more information, see Fact Sheet 164S, *Special Local Taxes*.

#### **Foreign Officials**

The U.S. Department of State's Office of Foreign Missions and the American Institute of Taiwan issue tax exemption cards to eligible foreign missions, their accredited members, and dependents.

There are restrictions on the use of these cards for hotel stays.

- If an individual is using a personal tax exemption card, the room must be in their name.
- When using a mission tax exemption card, hotel stays may not be for leisure, tourism, or medical treatment.

Ask to see the consular official's ID card. Make sure the purchase qualifies for the exemption by checking the information on the card. For example, some cards will state that the official must pay sales tax on charges for hotel rooms or on purchases under a certain amount.

If the official qualifies for the exemption, write the individual tax exemption number found on the card on the billing or sales invoice. Keep this in your file as proof of exemption.

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## Taxable purchases

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Equipment used to provide lodging accommodations is taxable. If the seller does not collect Minnesota sales tax, you must report the use tax when you file your return.

*Examples:*

- |   |   |
|---|---|
| • beds and mattresses   | • linens and towels                               |
| • building cleaning and maintenance services including carpet, drapery, and upholstery cleaning | • office supplies and forms                       |
| • cleaning products and supplies  | • paper cups, tissue, and supplies                |
| • draperies and bedspreads  | • pool supplies and chemicals                     |
| • exercise equipment  | • postcards, stationery, envelopes, and pens      |
| • furniture and pictures  | • security services                               |
| • kitchen appliances and coffee makers  | • snow removal equipment                          |
| • laundry and dry cleaning services including cleaning of linens and uniforms                   | • soap, shampoo, and complimentary personal items |
| • lawn care and landscaping supplies  | • specialty advertising materials                 |
| • lawn care services  | • telephones, radios, TVs, VCRs, and DVD players  |
|   | • utilities                                       |

Supplies to repair or redecorate are taxable when they are purchased without installation.

### Examples

- air conditioning units
- carpet
- electrical supplies
- fabric
- light fixtures
- lumber and hardware
- paint
- plumbing fixtures and supplies
- wallpaper

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## Nontaxable purchases

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### Items for resale

Items may be purchased exempt if:

- you resell or held exclusively for lease or rental to the customer, and
- bill separately from the lodging accommodations, may be purchased exempt from tax.

To purchase items exempt for resale, give your seller a completed Form ST3, *Certificate of Exemption*.

Examples of items that can be purchased exempt for resale or rental include:

- guest laundry services
- paper cups, napkins, etc. sold as part of a meal or drink
- pop, candy, and other items that will be sold over the counter or in vending machines

- recreational equipment to be rented separately

### **Coin-operated entertainment and amusement devices**

Starting July 1, 2014, retailers may buy these devices exempt from tax if they sell admissions to or use of amusement devices.

Examples of coin-operated entertainment and amusement devices include fortune-telling machines, pool tables, batting cages, and jukeboxes. Vending machines, lottery devices, or gaming devices do not qualify for this exemption.

For more information, see Minnesota Statutes 297A.61, subd. 3(g)(1).

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## **Miscellaneous**

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### **Coupons**

When customers use a coupon for a discount or free lodging, charge sales tax only on the amount the customer actually pays, unless the facility will be reimbursed by a third party.

For more information, see Fact Sheet 167, *Coupons, Discounts, and Other Forms of Payment*.

### **Direct Pay authorization**

Businesses that have Direct Pay authorization numbers cannot use them to buy lodging, meals, or other services exempt from tax.

### **Use Tax**

Generally, you pay sales tax at the time of purchase. But if the seller does not charge Minnesota sales tax on equipment, supplies, or other taxable items for your business, you owe use tax on the purchase price.

Report state and local tax when you file your sales and use tax return. For more information, see Fact Sheet 146, *Use Tax for Businesses*.

### **Local Sales and Use Taxes**

If you are located in an area with a local tax, local sales or use tax may also be due.

For more information, see Fact Sheet 164, *Local Sales and Use Taxes*.

Several cities impose special local taxes on sales of specific items such as food, liquor, lodging, and entertainment which the Department of Revenue administers.

For more information, see:

- Fact Sheet 164S, *Special Local Taxes*
- Revenue Notice 05-11: Local Lodging, Restaurant and Liquor Taxes.

### **Other lodging taxes**

Some cities and localities administer their own lodging tax. For more information on these taxes, contact each city directly.

### **How to report sales and use taxes**

You can report state, local, and use taxes electronically at [www.revenue.state.mn.us](http://www.revenue.state.mn.us). If you do not have Internet access, you can file by phone at 1-800-570-3329. For more information on how to file:

1. Go to our website
2. Click **Sales and Use Tax**
3. Under "I need to file Sales and Use Tax...", click **Electronically** or **Phone**.

**Legal references**

Minnesota Statutes 297A.61, Definitions:

subd. 3(g)(2), Lodging

subd. 7, Sales price

subd. 34, Taxable food sold through vending machines

Minnesota Statutes 297A.68, Business Exemptions:

subd. 3a, Coin-operated entertainment and amusement devices

Minnesota Statutes 297A.70, Exemptions for governments and nonprofit groups:

subd. 2(b)(4), Sales to government

subd. 4(b)(3), Sales to nonprofit groups

Minnesota Statutes 469.190, Local lodging tax

**Revenue Notices**

05-11, Local Lodging, Restaurant and Liquor Taxes

17-06, Lodging and Related Services – Residential Short-Term Rentals

**Other Fact Sheets**

102A, *Food and Food Ingredients*

102B, *Candy*

102C, *Soft Drinks and Other Beverages*

102D, *Prepared Food*

**Other Fact Sheets (continued)**

102E, *Dietary Supplements*

105, *Clothing*

117A, *Drugs*

117B, *Durable Medical Equipment*

117C, *Mobility Enhancing Equipment*

117D, *Prosthetic Devices*

117E, *Health Product Exemptions*

117F, *Grooming and Hygiene Products*

123, *Admissions and Amusement Devices*

132, *Isolated and Occasional Sales*

137, *Restaurants and Bars*

142, *Sales to Governments*

146, *Use Tax for Businesses*

158, *Vending Machines and Other Coin-Operated Devices*

164, *Local Sales and Use Taxes*

164M, *Minneapolis Special Local Taxes*

167, *Coupons, Discounts, and Other Forms of Payment*

# **ATTORNEY GENERAL OPINIONS**

**Mn Association of Convention and Visitor Bureaus**

**Annual Meeting**

**Winona, MN**

**November 15, 2016**

**CITIES: POWERS: LODGING TAXES: DISPOSITION OF PROCEEDS.**  
The City of Winona has no authority to use ninety-five percent of city lodging tax revenues to finance capital expenditures such as a cross-country ski trail. Minn. Stat. § 477A.018, subd. 3 (1983).

January 30, 1985

Mr. Richard F. Blahnik  
City Attorney, City of Winona  
Winona City Hall  
4th and Lafayette Streets  
Winona, Minnesota 55987

59a-44  
(Cr. Ref. 59a-22,  
476b-2)

Dear Mr. Blahnik:

In your letter to Attorney General Hubert H. Humphrey, III, you present substantially the following:

**FACTS**

The City of Winona's Tourist Bureau would like to use the funds it receives from the hotel and motel lodging tax imposed under Minn. Stat. § 477A.018, subd. 1 (1983) to finance capital expenditures such as building a cross-country ski trail.

You then ask substantially the following:

**QUESTION**

Does Minn. Stat. § 477A.018, subd. 3 (1983) authorize the City of Winona tourist bureau to expend revenues it receives from the city lodging tax to finance capital expenditures such as building a cross-country ski trail?

**OPINION**

We answer your question in the negative. Minn. Stat. § 477A.018, subd. 3, reads as follows:

62

Mr. Richard F. Blahnik  
Page Two  
January 30, 1985

Disposition of proceeds. 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 to fund a local convention or tourism bureau for the purpose of marketing and promoting the city as a tourist or convention center. . . .

The plain language of Minn. Stat. § 477A.018, subd. 3, empowers cities such as Winona to establish local convention or tourism bureaus using ninety-five percent (95%) of the funds generated by city lodging taxes. The statute limits the further use of these tax revenues to "the purpose of marketing and promoting the city as a tourist or convention center. . . ." The question then becomes what expenditures will be considered to meet the specific purpose stated in the statute.

The legislative directive in Minn. Stat. § 477A.018, subd. 3, clearly contemplates expenditures for advertising or similar types of marketing or promotion of a city as a tourist or convention center. While it could be argued that building a cross-country ski trail or undertaking other capital expenditures are for the purpose of marketing and promotion because tourists would thereby be attracted to the city, we do not believe that this is what the legislature intended for the following reasons.

It is an established principle that cities have only the powers granted to them by the legislature, e.g., Kronschnabel v. City of St. Paul, 272 Minn. 256, 137 N.W.2d 200 (1965). The



Mr. Richard F. Blahnik  
Page Three  
January 30, 1985

language of Minn. Stat. § 477A.018, subd. 3, does not mention capital expenditures. Other statutes unambiguously give cities authority to use their general revenues for parks and recreation. See Minn. Stat. § 471.15 et. seq; Cf. Minn. Stat. § 85.44. If the legislature had intended that revenues generated by city lodging taxes be spent in this way it would have so stated.

Among the factors to be considered in construing a statute are the legislative history, the consequences of a particular interpretation, and the legislature's intent that the entire statute be effective and certain. Minn. Stat. §§ 645.16(6) and 645.17(2).

Our examination of the legislative history of Minn. Stat. § 477A.018, subd. 3, indicates that the legislature did not intend to authorize the use of city lodging tax revenues for capital expenditures. An amendment to the House Bill, H.F. 680, which would have authorized construction of a civic or convention center and would have broadly stated that the tax revenues could be used "to otherwise promote tourism" was defeated in committee. The final bill had much more restrictive language concerning how the funds were to be spent. Also, some of the bills considered by the legislature on this subject matter provided that only fifty percent of the tax revenues be spent on promotion of tourism. The fact that the legislature had to decide how much of

Richard F. Blahnik  
Page Four  
January 30, 1985

the tax revenues must be spent in accordance with the restrictions in the statute, demonstrates that the legislature was aware that those tax revenues the expenditure of which was not governed by Minn. Stat. § 477A.018, subd. 3, could be used by cities for many other municipal purposes. Since the legislature enacted a bill which earmarked ninety-five percent of the tax revenues for tourism promotion, it made a choice that the vast majority of the money be spent strictly for that purpose.

Regarding the other factors to be considered in ascertaining legislative intent, if the statute were to be interpreted as allowing the use of lodging tax revenues for capital expenditures, then the statute could be interpreted to include virtually any expenditure which arguably enhances the attractiveness of the city. It would be difficult to see where any distinction could be drawn between what use of funds would be authorized or not. To construe Minn. Stat. § 477A.018, subd. 3, as authorizing capital expenditures would effectively remove the limitation on spending, namely tourism promotion, which the legislature imposed, and would render a significant portion of the statute ineffective and useless.

Minn. Stat. § 477A.018, subd. 3, is silent as to how the remaining five percent of city lodging tax revenues may be

65

Mr. Richard F. Blahnik  
Page Five  
January 30, 1985

spent. Absent legislative restriction, we believe these monies can be spent for any authorized public purpose.

Based on the foregoing, it is our opinion that the City of Winona is not authorized to use ninety-five percent of the revenues generated by its city lodging tax to build a cross-country ski trail. The city will have to independently consider how it wishes to utilize the remaining five percent of the tax revenues.

Very truly yours,

HUBERT H. HUMPHREY, III  
Attorney General

MICHELE M. OWEN  
Special Assistant  
Attorney General

MMO/bw

66



STATE OF MINNESOTA  
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ST. PAUL, MIN 55101  
TELEPHONE (612) 296-9412

December 7, 1988

Alan R. Felix  
City Attorney  
City of Bemidji  
Bemidji, Minnesota 56601

Dear Mr. Felix:

As the attorney for the City of Bemidji, you have presented several questions regarding the use of the proceeds of the lodging tax authorized by Minn. Stat. § 477A.018, as amended by Minn. Laws 1988, ch. 414, § 1.

The City of Bemidji has elected to contract with the local Chamber of Commerce, a private entity, as a method of funding a local convention or tourism bureau as authorized by Minn. Stat. § 477A.018, subd. 3 (1986). Under the terms of the contract, the Chamber of Commerce (Chamber) must establish a separate council known as the Bemidji Visitors and Convention Bureau (Bureau). The contract also requires that all funds received by the Chamber from the City must be administered and expended by the Bureau for the purposes of marketing and promoting the City as a tourist and convention center. This is the same authorization which the statute grants to the City. Minn. Stat. § 477A.018, subd. 3.

The Jehovah Witnesses have indicated an interest in holding a convention in Bemidji. The organization has requested financial assistance from the Bureau to reduce the rent otherwise charged by one of the sites which the organization intends to use for functions and activities associated with its convention.

Your first question is whether the lodging tax proceeds transferred from the City to the Chamber under the terms of the contract lose their character as "public" funds and become "private" in nature. Minn. Stat. § 477A.018, subd. 3 (1986) provides in pertinent part that:

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.

AN EQUAL OPPORTUNITY EMPLOYER



67

Alan R. Felix  
December 7, 1988  
Page 2

Although the City has chosen to provide by contract for "a local convention or tourism bureau," nothing in the statute compels that choice. By its language, subdivision 3 allows the City to fund and operate its own convention or tourism bureau as part of City government. The City has contracted with the Chamber to do exactly what the City is authorized by the statute to do -- "fund a local convention or tourism bureau for the purpose of marketing and promoting the city . . . as a tourist or convention center." The fact that a private entity will make the actual expenditures neither expands the statutory authority for the expenditures nor does it remove restrictions which would apply to the City if it made the expenditures itself. The City cannot accomplish indirectly by contract what it cannot do directly. Op. Atty. Gen. 733, March 19, 1974. Based upon the foregoing, it is reasonable to conclude that the funds in question are subject to the same restrictions whether expended by the City directly or by the City indirectly through the Bureau.

Such a result is reinforced by case law addressing the application of the Establishment Clause of the United States Constitution, an area specifically raised by your third question. In Wardle v. Bell, 598 F. Supp. 1356 (W.D. Mo. 1984), app. dismissed, 472 U.S. 933, 105 S.Ct. 3549 (1985), the federal district court addressed the Establishment Clause issues raised by the implementation of a federally funded educational program. In that particular case, the federal government contracted with a private, independent contractor to provide the services authorized by the federal program. Notwithstanding the use of the private, independent contractor, the federal district court analyzed the private contractor's activities using the Establishment Clause standards which have regularly been applied by the United States Supreme Court to public agencies. Id. Inasmuch as the Bureau has been limited by contract to those expenditures which the City itself could make, it would "exalt form over substance" if this distinction would treat the proceeds as "private" rather than "public" in nature. See Wolman v. Walter, 433 U.S. 229, 250, 97 S.Ct. 2593, 2606 (1977) (despite a technical change in a program, it was found unconstitutional under the Establishment Clause because the program in substance was the same as that previously found unconstitutional).

Your second question is whether use of the proceeds of the lodging tax to reduce site rental costs for conventions is authorized by section 477A.018, subdivision 3. In other words, does the use of the tax proceeds to reduce site rental costs for a convention constitute "marketing and promoting the city" within the meaning of the statute?

At the outset, we note that there are some restrictions on the expenditure of the lodging tax proceeds. In Op. Atty. Gen. 59A-44, Jan. 30, 1985, this office ruled that the city lodging tax

68

proceeds could not be used for capital expenditures for a city. The ruling was in response to a specific example. It was determined that the lodging tax could not be used to build a city-owned cross-county ski trail.

Despite this restriction, it is nevertheless appropriate to construe the words "promoting" and "marketing" according to their common and approved usage since they were not defined by the Legislature for the purposes of section 477A.018. Minn. Stat. § 645.08(1) (1986). A dictionary definition of the word "promote" is:

To further the popularity, sales, etc. of by publicizing and advertising . . . .

Webster's New World Dictionary 1137 (Second Edition 1970). We do not believe, however, that the Legislature intended that the authorization to promote and market the City is limited to advertising. In determining legislative intent, it is appropriate to examine laws on the same or similar subjects. Minn. Stat. § 645.16(5) (1986). In that regard, the Legislature has previously authorized cities to expend funds for advertising. See, e.g., Minn. Stat. §§ 465.55 and 465.56 which were repealed by Minn. Laws 1987, ch. 291, § 244, but substantially reenacted as Minn. Stat. §§ 469.186-469.189 (Supp. 1987). Since the Legislature has previously authorized cities to expend funds to advertise, it would be unreasonable to restrict the use of the lodging tax proceeds to advertising.

Assuming that the word "promoting" as used in section 477A.018, subdivision 3, is intended to mean more than advertising, other definitions of the word are relevant. "Promote" may also mean:

[T]o contribute to the growth, enlargement or prosperity of; to forward; encourage; advance; to further. It sometimes is used in the sense of aid, assistance, help, or advancement . . . .

73 C.J.S. Promote 151 (1983). The word "market" "conveys the idea of selling, and it assumes the existence of trade and implies competition . . . ." Lilac Variety, Inc. v. Dallas Texas Co., 383 So.2d 193, 196 (Tex. Civ. App. 1964). See also 55 C.J.S. Market 784 (1948).

Section 477A.018, subdivision 3 states in part that the City may use the lodging tax proceeds to promote and market the city as a tourist or convention center. When the definitions of the two words are linked, it is reasonable to conclude that the City has the authority to decide to expend the proceeds of the tax in a manner reasonably designed to encourage the use of the City as a

Alan R. Felix  
December 7, 1988

Page 4

convention center. As applied to the specific situation you present, the Bureau on behalf of the City must determine that the site rental reduction is appropriate to "sell" the City and that it is in the City's best interest to compete with other locations in that manner. In doing so, the Bureau on behalf of the City must examine all of the relevant facts in arriving at a decision, recognizing among other things, the limited budget available. Whether a specific decision is reasonable is a question of fact which we do not undertake to address. Op. Atty. Gen. 629-a, May 9, 1975.

Subject to the foregoing, the language of Minn. Stat § 477A.018, subd. 3 permits the lodging tax proceeds to be used to reduce convention site rental costs to encourage and assist organizations to hold their convention in the City.

Your third question is whether financial assistance from the lodging tax to the Jehovah's Witnesses for their convention in the form of payment of rental fees for a building to house a meeting site of convention members would violate the Establishment Clause of the First Amendment to the United States Constitution.

In analyzing decisions which have applied the Establishment Clause, it is readily apparent that the specific facts of each case are critical to the result. Compare Mueller v. Allen, 463 U.S. 388, 103 S.Ct. 3062 (1983) (upholding tax deductions for, inter alia, expenses incurred by taxpayers in providing for the education of their children in public and parochial schools) with Committee for Public Education v. Nyquist, 413 U.S. 756, 93 S.Ct. 2955 (1973) (striking down certain tax benefits to taxpayers which were related to parochial school education).

The City's request for our assistance does not contain sufficient facts to enable us to provide it with an absolute answer to the third question. For example, the City has not indicated whether it has a policy of providing financial assistance to all groups, regardless of whether they are religiously affiliated, which would hold a convention in the City. Nor have we been provided with facts concerning either the purpose of the convention itself or the specific use to which the subsidized facilities are intended to be put during the convention. A complete knowledge of all of the facts is necessary to determine which ones are critical to an analysis under the First Amendment. As stated by the Supreme Court:

Rather than mechanically invalidating all governmental conduct or statutes that confer benefits or give special recognition to religion in general or to one faith -- as an absolutist approach would dictate -- the Court has scrutinized challenged legislation or official conduct to

70

Alan R. Felix  
December 7, 1988

Page 5

determine whether, in reality, it establishes a religious faith, or tends to do so.

Lynch v. Donnelly, 465 U.S. 668, 678, 104 S.Ct. 1355, 1361-62. (1984).

In the event that an examination of all of the facts indicates that it is appropriate to conduct an analysis under the Establishment Clause, the Supreme Court has established a three-part test to be used:

Under the Lemon [v. Kurtzman], 403 U.S. 602, 91 S.Ct. 2105 (1971)] standard, which guides '[t]he general nature of our inquiry in this area' (citation omitted), a court may invalidate a statute only if it is motivated wholly by an impermissible purpose (citation omitted), if its primary effect is the advancement of religion (citation omitted), or if it requires excessive entanglement between church and state (citation omitted).

Bowen v. Kendrick, \_\_\_ U.S. \_\_\_, 108 S.Ct. 2562, 2570 (1988). Bowen, the most recent Supreme Court decision conducting an in depth analysis under the Establishment Clause, emphasizes the importance of the facts in the determination of whether proposed action violates the Establishment Clause. As restated by the Court:

'[R]eligious institutions need not be quarantined from public benefits that are neutrally available to all.'

Bowen v. Kendrick, 108 S.Ct. at 2574, citing Roemer v. Maryland Board of Public Works, 426 U.S. 736, 746, 96 S.Ct. 2337, 2344 (1976). The Bowen decision references a number of prior decisions approving public benefits when they have been made equally available to both public and private school children (Board of Education v. Allen, 392 U.S. 236, 88 S.Ct. 1923 (1968); Everson v. Board of Education, 330 U.S. 1, 67 S.Ct. 504 (1947)) or when grants have been made to all colleges and universities regardless of any affiliation with a religious body (Hunt v. McNair, 413 U.S. 734, 93 S.Ct. 2868 (1973); Tilton v. Richardson, 403 U.S. 672, 91 S.Ct. 2091 (1971)). Bowen v. Kendrick, supra at 2574.

As the Supreme Court has noted, however, an analysis under the Establishment Clause does not always result in a favorable constitutional review of proposed programs. As stated by the Court in Bowen:

Of course, even when the challenged statute appears to be neutral on its face, we have always been careful to ensure that direct government aid to religiously affiliated

71



institutions does not have the primary effect of advancing religion.

Bowen v. Kendrick, *supra* at 2574. Grand Rapids School District v. Ball, 473 U.S. 373, 105 S.Ct. 3216 (1985) is a case in which direct government aid, even though designated for a specific secular purpose, was found to advance the pervasively sectarian school's "religious mission."

Although your specific inquiry focuses on the issue of the application of the Establishment Clause, the City's analysis following a review of all of the facts should not ignore the application of other clauses of the First Amendment. For example, in Widmar v. Vincent, 454 U.S. 263, 102 S.Ct. 269 (1981), a public university denied access to its facilities to a religiously-oriented student group. The university argued that allowing religious groups to share the limited public forum established by the university would have the "primary effect" of advancing religion. *Id.* at 272, 102 S.Ct. at 275-76. The Supreme Court rejected the university's argument stating:

The question is not whether the creation of a religious forum would violate the Establishment Clause. The University has opened its facilities for use by student groups, and the question is whether it can now exclude groups because of the content of their speech.

*Id.* at 273, 102 S.Ct. at 276 (emphasis added). The Court went on to state that:

We are not oblivious to the range of an open forum's likely effects. It is possible - perhaps even foreseeable - that religious groups will benefit from access to University facilities. But this Court has explained that a religious organization's enjoyment of merely 'incidental' benefits does not violate the prohibition against the 'primary advancement' of religion.

*Id.* (citation omitted). The Court recognized two facts which were especially relevant in arriving at its conclusion that any religious benefit would be "incidental:"

First, an open forum in a public university does not confer any imprimatur of state approval on religious sects or practices. As the Court of Appeals quite aptly stated, such a policy 'would no more commit the University . . . to religious goals' than it is 'now committed to the goals of the Students for a Democratic Society, the Young Socialist Alliance,' or any other group eligible to use its facilities. . . .

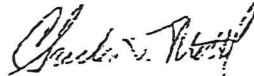
Alan R. Felix  
December 7, 1988  
Page 7

Second, the forum is available to a broad class of nonreligious as well as religious speakers . . . . The provision of benefits to so broad a spectrum of groups is an important index of secular effect.

Id. at 274, 102 S.Ct. at 276-77 (citations omitted).

Based upon the foregoing, the City must identify and examine all of the facts relating to its proposed financial assistance to the Jehovah Witnesses' convention. While the focus of the City's inquiry in its request is on the Establishment Clause, its analysis should not exclude consideration of constitutional rights relating to speech and association.

Very truly yours,



CHARLES T. MOTTL  
Assistant Attorney General

Telephone: (612) 296-3854

CTM/smo



# STATE OF MINNESOTA

OFFICE OF THE ATTORNEY GENERAL

HUBERT H. HUMPHREY III  
ATTORNEY GENERAL

February 24, 1993

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Representative Dave Battaglia  
517 State Office Building  
St. Paul, MN 55155

Dear Representative Battaglia:

You have sought our analysis of the scope of permitted expenditures of proceeds of local lodging taxes authorized pursuant to Minn. Stat. § 469.190, subd. 3 in the context of four particular examples, i.e.:

1. To pay for high school band uniforms;
2. To pay for fireworks to be used at a 4th of July celebration;
3. To subsidize a county fair;
4. To subsidize local "festivals" for local sports events, such as hockey, baseball or fishing tournaments.

We apologize for the long delay in providing you with a response.

Minn. Stat. § 469.190, subd. 3 provides:

Subd. 3. **Disposition of proceeds.** 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. This subdivision shall not apply to any statutory or home rule charter city or town that has a lodging tax authorized by special law or enacted prior to 1972 at the time of enactment of this section.

Your question is directed to the 95 percent of the proceeds that must be used to fund a "convention or tourism bureau for the purpose of marketing and promoting the city or town as a tourist or convention center." (Emphasis added.) Thus, the authority of the use of the 95 percent portion of these revenues by the local bureau for the purposes specified would depend upon whether those uses could ever be seen as "marketing" or promoting the city "as a tourist or convention center."

In Op. Atty. Gen. 59a-44, January 30, 1985 (copy enclosed), we concluded that Minn. Stat. § 477A.018, subd. 3 (1983) did not authorize the City of Winona to spend portions of the

74

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95 percent of the revenues generated by its city lodging tax to build a cross-country ski trail. This opinion was based on a review of the legislative history which demonstrated that the legislature did not intend to authorize unrestricted use of lodging tax funds and more particularly did not intend that they be used for capital expenditures. We further reasoned that the restrictive language then in section 477A.018 could not be interpreted so broadly as to include any and all expenditures which would arguably enhance the attractiveness of the city.<sup>1</sup> Thus while that opinion dealt with the use of funds for capital expenditures, I do not believe that was intended to imply that capital expenditures for city improvements are the only uses for which lodging tax expenditures might be unauthorized. For example, expenditures for maintaining and grooming the ski trails would present the same difficulty perceived in constructing the trails.

On December 7, 1988, we again addressed the scope of authority to expend lodging tax proceeds in the context of a proposal to use funds to underwrite a rent reduction for facilities to be used by an organization in holding a convention. See letter dated December 7, 1988, to Alan R. Felix, Bemidji City Attorney (copy enclosed). In that letter we concluded that the "promoting" and "marketing" authorized was not necessarily limited to advertising alone but could include other activities which are reasonably designed to encourage the use of the city as a tourist or convention center. In that regard, we indicated that a city could determine that a convention facility rental subsidy would be an appropriate way to attract a group to hold its convention in that city. Thus we have been of the view that "marketing and promoting" the city for purposes of lodging tax expenditures includes activities directly related to providing information concerning tourist or convention assets of the city to persons outside the immediate area or in directly seeking to attract such persons to the city, but does not generally include creation of such assets or the support of community betterment in general. In light of the fact that the revenue in question is raised by taxation of hotels, motels and like tourist facilities, it is likely that the legislature intended that the restricted 95 percent be used in ways calculated to directly attract persons likely to patronize such facilities as opposed to uses which generally benefit the city as a whole.

In the context of your inquiry, each of the proposed uses would have to be evaluated based on all relevant facts to determine whether the use would "market" or "promote" the city, and whether it would be in the City's best interest to compete with other municipalities in that manner, given the City's budget constraints. City officials would be in the most advantageous position to conduct such an analysis. See Op. Atty. Gen. 629-a, May 9, 1975. We can informally discuss the expenditures you propose in light of the principles mentioned above. However, the ultimate determination whether any of such expenditures would actually market or promote the city for tourism or convention business in a particular circumstance would likely be heavily dependent upon the facts of each given case.

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1. Minn. Stat. § 477A.018, subd. 3 was repealed in 1989 Minn. Laws, ch. 277, art. 1, § 35. However, Minn. Stat. § 469.190, subd. 3 (1992) contains the same operative language.

75

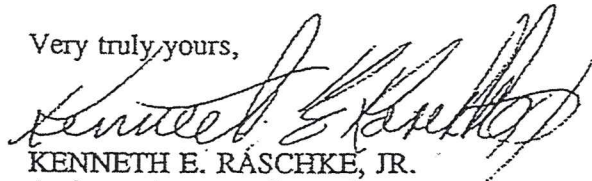
1. Purchase of school band uniforms. It is frankly difficult to see how the purchase of band uniforms could be perceived as marketing or promoting the city as a tourist or convention center. While new uniforms could enhance the appearance of the band and the image it may convey when performing outside the community, it is not clear how the uniforms in themselves would convey any sort of message about any tourist or convention resources the city may have or result in the increase of tourism or convention business.

2. Purchase of fireworks. Qualification of this expenditure would seem heavily dependent upon the circumstances of each case. If the fireworks were to make a significant contribution to a city's effort to attract tourists or convention business, especially if the display was advertised outside the city for that purpose, it could be determined to be related to promotion and marketing for those purposes. On the other hand, if the display were essentially a local event for residents of the city and surrounding area it may not qualify.

3. The same might also be said for expenditures to subsidize a county fair or local sports event. The matter would, I believe, turn on whether the particular expenditure is reasonably related to a specific activity for attracting tourists or convention business. Certainly advertising or similar efforts to make tourists or convention planners from outside the area aware of local events such as the fair or sporting events would appear to be legitimate marketing or promotion. If, on the other hand, the result of the expenditures is simply to assist the event in general or in some way that would not reasonably be seen as calculated to attract additional people for tourism or convention business, they would not likely qualify. For example, subsidy for a statewide sporting event such as the Star of the North games to be held in the city would appear far more appropriate than underwriting an event essentially for local teams and their supporters.

I am sorry that I cannot be more definite, but I hope these thoughts are helpful to you. Again, we apologize for the delay. Please contact us if we can provide more assistance.

Very truly yours,



KENNETH E. RASCHKE, JR.  
Assistant Attorney General

(612) 297-1141

KER:gpp

Enclosures



# STATE OF MINNESOTA

OFFICE OF THE ATTORNEY GENERAL

MIKE HATCH  
ATTORNEY GENERAL

October 15, 2002

525 PARK STREET  
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TELEPHONE: (651) 297-2040

Mr. John H. Bray  
CLURE EATON LAW FIRM  
222 West Superior Street  
Skywalk Level, Suite 200  
Duluth, MN 55802-1907

Re: The Use of Lodging Tax Proceeds/City of Proctor

Dear Mr. Bray:

Thank you for your letter of August 19, 2002. On behalf of the City of Proctor you ask whether certain proposed expenditures of lodging tax proceeds are permitted by law.

## BACKGROUND

Minn. Stat. § 469.190, subd. 1 (2000) authorizes cities and towns to impose a tax of up to three percent upon receipts for lodging at hotels, motels, rooming houses, tourist courts, and resorts. Minn. Stat. § 469.190, subd. 3 (2000) provides in part:

Subd. 3. **Disposition of Proceeds.** 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.

Thus, five percent of the lodging tax proceeds is unrestricted as to use. However, the remaining 95 percent of these revenues may be used only to fund of a tourism bureau, local bureau for sole purposes of "marketing" or promoting the city "as a tourist or convention center." For purposes of this opinion this allocation will be referred to as the "95 percent category."

There appear no court decisions addressing the permissible uses for those funds. However this Office has previously considered the scope of expenditure authority.

In Op. Atty. Gen. 59a-44, January 30, 1985 (copy enclosed), this Office concluded that this language, then codified as Minn. Stat. § 477A.018, subd. 3 (1983), did not authorize the City of Winona to spend portions of the "95 percent category" on construction of a cross-country ski trail. That opinion was based on a review of the legislative history which indicated that the legislature did not intend to authorize use of lodging tax funds for general city purposes, and more particularly did not intend that they be used for capital expenditures of general benefit to the City. That opinion further reasoned that the restrictive statutory language could not be

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77

interpreted so broadly as to include any and all expenditures that would arguably enhance the attractiveness of the city, because to do so would effectively negate the restrictions.

On December 7, 1988, this Office issued an opinion in the context of a proposal to use the "95 percent category" funds to underwrite a rent reduction for facilities to be used by an organization in holding a convention. See opinion dated December 7, 1988, to Alan R. Felix, Bemidji City Attorney (copy enclosed). That opinion concluded that the "promoting" and "marketing" authorized by the statute was not necessarily limited to advertising alone but could include other activities that are reasonably designed to encourage the use of the city as a tourist or convention center. In that regard, a city could determine that a convention facility rental subsidy would be an appropriate way to attract a group to hold its convention in that city.

Each of the proposed uses of proceeds set forth in your letter would need to be evaluated based on all relevant facts to determine whether the expenditure would "market" or "promote" the city "as a tourist or convention center." The ultimate determination whether any of such expenditures would actually market or promote the city for tourism or convention business in a particular circumstance would be dependent upon the facts of each given case. City officials rather than this Office are in the best position to conduct such a factual analysis. See, e.g., Op. Atty. Gen. 629-a, May 9, 1975. However, I can informally discuss the expenditures you propose in light of the principles mentioned above.

1. May lodging tax proceeds be used for the painting and maintenance of tourist attractions owned by the City, in this case, a steam locomotive engine (Proctor has historically been associated with trains) and a mounted fighter jet?

The use of proceeds for the painting and maintenance would seem analogous to the ski trail expenditure discussed in the 1985 opinion. While such a use could serve to enhance or preserve assets of the city, it is difficult to see how that action in itself would market or promote the city's tourism or convention resources. Rather, expenditures for dissemination of information *about* such attractions to potential visitors would seem more in keeping with the statutes' intent.

2. May lodging tax proceeds be used for seasonal decorations and decorative lighting?

The same reasoning set forth in response to your first question would also apply to your questions about using the tax proceeds for decorative lighting or "seasonal decorations" that would generally beautify the city's "main thoroughfare."

3. May lodging tax proceeds be used to develop and maintain welcome signs?

The authority to expend lodging tax proceeds for welcome signs would be dependent upon the particulars of each sign. For example, a sign placed at the city limits merely saying, "Welcome to Proctor, population 2852" would not appear to have any particular marketing or

John H. Bray  
October 15, 2002  
Page 3

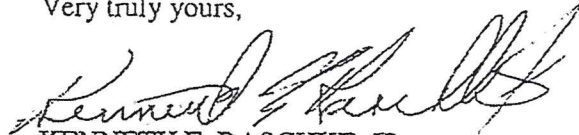
promotional effect. On the other hand, a sign placed on a major highway notifying passersby of notable local attractions, or activities that would be of interest to tourists or convention planners would seem to be permitted.

4. Are lodging tax proceeds predominantly meant to promote tourism to a city, or to encourage visitors to stay in local hotels?

It would seem that the above two goals are complementary, rather than mutually exclusive. Section 469.190, subd. 3 (2000) speaks generally of using the proceeds to promote tourism and convention business. It does not limit its coverage to encouraging people to stay at local hotels, although the permissible uses of the tax are ones calculated to attract to the city people who are likely to patronize such facilities. Thus, a promotional campaign funded with lodging tax dollars would not necessarily be required to mention local hotels at all. On the other hand, there is no question that the nature and availability of local lodging facilities is an important consideration for tourists and essential information for convention planners. Indeed, in some circumstances, hotels may themselves be tourist attractions or convention centers. Therefore, creation and distribution of materials that publicize the features of local hotels would seem to be a permissible expenditure.

As noted above, the extent to which specific lodging tax expenditures will actually market or promote the tourism or convention features of the city is a factual determination to be made by the city on a case-by-case basis. I hope the foregoing discussion is helpful to that process.

Very truly yours,



KENNETH E. RASCHKE, JR.  
Assistant Attorney General

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Enclosure

AG: #728066-v1

79





STATE OF MINNESOTA  
OFFICE OF THE ATTORNEY GENERAL

MIKE HATCH  
ATTORNEY GENERAL

April 17, 2003

525 PARK STREET  
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John H. Bray  
CLURE EATON LAW FIRM  
222 West Superior Street  
Skyway Level, Suite 200  
Duluth, MN 55802-1907

Re: The Use of Lodging Tax Proceeds/City of Proctor

Dear Mr. Bray:

Thank you for your letter of April 4, 2003, concerning permissible expenditures of lodging tax proceeds.<sup>1</sup>

You state that your letter is an "amended request" for an opinion from this Office asking two questions in addition to other ones you posed in an August 19, 2002 letter, and which were addressed in my October 15, 2002 letter to you (copy enclosed):<sup>2</sup>

1. May lodging tax proceeds be used to purchase fireworks associated with an annual city festival?
2. May lodging tax proceeds be used to assist in funding a local festival?

As noted in my previous letter, the answers to your questions on this topic are dependent on a determination of whether a particular expenditure would actually aid in marketing or promoting the city for tourism or convention business. Such fact-specific determinations are beyond the scope of opinions of this Office and are best evaluated by local officials.

As with expenditures addressed in my previous letter, the permissibility of using lodging tax proceeds for expenses associated with a "local festival" would depend upon whether the expenditure is for an activity related to attracting tourist and convention business. For example, advertising or similar efforts to make tourists and convention planners aware of local events such as festivals would seem clearly to fall within the class of permissible uses. In addition, a

<sup>1</sup> Pursuant to Minn. Stat. § 469.190, subd. 3 (2002) ninety-five percent of the proceeds of a lodging tax must be used "for the purpose of marketing and promoting the city as a tourist or convention center." My analysis has been limited to that portion of the proceeds. The remaining five percent may be spent for any authorized city purposes.

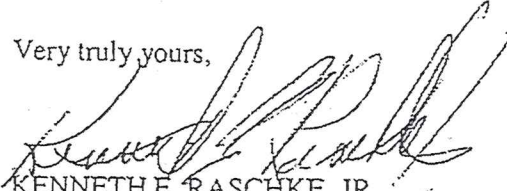
<sup>2</sup> Upon review of the relevant statute and other current authorities, I have nothing to add to my earlier response to those questions.

John H. Bray  
April 17, 2003  
Page 2

statewide or national competition or a recreational or entertainment event of such stature that it would, in itself, bring potential tourists or convention planners to the community would likely qualify. An event of interest only to residents of the immediate area, however, would not appear to be a permissible expenditure.

I regret that I am not able to provide more specific answers, but I hope these comments are helpful to you.

Very truly yours,



KENNETH E. RASCHKE, JR.  
Assistant Attorney General

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AG: #833897-v1

81



# STATE OF MINNESOTA

OFFICE OF THE ATTORNEY GENERAL

MIKE HATCH  
ATTORNEY GENERAL

June 20, 2003

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TELEPHONE: (651) 297-2046

Dennis Breamer  
Executive Director  
Minnesota Association of Innkeepers  
4900 Place  
4900 North Highway 169, Suite 105  
New Hope, MN 55428

Dear Mr. Breamer:

Thank you for your letter of June 5, 2003.

You state that the Minnesota Association of Innkeepers does not believe it would be lawful for the City of Proctor to use ten percent of the City's lodging tax proceeds for upkeep of certain City display items. You cite a January 30, 1985, opinion of Attorney General Humphrey, as support for your position that such expenditures are not authorized by Minn. Stat. § 477A.018, subd. 3.<sup>1</sup>

The Attorney General's Office has limited authority under Minnesota law. For instance, it has jurisdiction to provide legal opinions to state agencies and attorneys for local units of government. However, it does not have jurisdiction to represent, or provide opinions to, private citizens or organizations. Nor is it authorized to investigate or direct the actions of municipalities which are governed by independently elected officials and are therefore largely autonomous. Notwithstanding these limitations, I can provide the following comments, which I hope you will find helpful.

First, I am enclosing for your information, copies of letters concerning various proposed uses of lodging tax proceeds which I sent to Proctor City Attorney, John Bray, on October 15, 2002, and April 17, 2003. The 2002 letter discusses the issue you have raised.

Second, if you believe lodging tax proceeds are being misused, you may wish to contact the Office of the State Auditor, which has authority to audit city financial transactions to ensure that a city's financial matters are conducted in accordance with state laws. The Auditor's Office may be contacted at:

<sup>1</sup> Minn. Stat. § 477A.018 was repealed in 1989. The lodging tax provision is now contained in Minn. Stat. § 469.190 (2002).

82



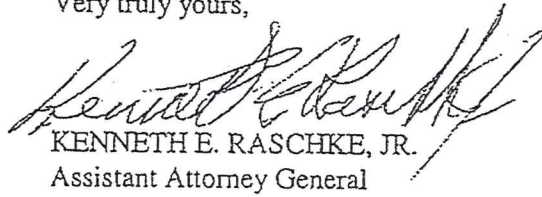
Dennis Breamer  
June 20, 2003  
Page 2

State Auditor Patricia Awada  
525 Park Street, Suite 400  
St. Paul, MN 55103  
Telephone (651) 296-2551

Third, your association may wish to consult its own attorney to determine whether any of its members' rights have been violated and whether it has any claims which could be against the City.

I thank you again for writing and hope this information is helpful to you.

Very truly yours,



KENNETH E. RASCHKE, JR.  
Assistant Attorney General

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Enclosures  
AG: #868437-v1

83