



By Jill Sims • Feb 16, 2024

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**From the Desk of Jill Sims:** We're off to the races! At noon on Monday, the House and Senate gavelled in for the 2024 legislative session. This week, the Hospitality Minnesota GR team has been busy reviewing the 900+ bill introductions, attending hearings, and meeting with legislators. We're seeing a continued trend of employer mandate bills introduced, along with some impactful bills around junk fees and tenant rights.

Read on to see what we're watching, including a breakdown of the tax landscape. Don't forget – register for Day at the Capitol by March 1!

## Key Legislation Hospitality Minnesota is Watching



Throughout the Legislative session, the Hospitality Minnesota team will be closely watching many bills and advocating on behalf of the hospitality industry at the Capitol.

**What's covered:** Each week, we will be highlighting specific bills that have been introduced this session along with how it will impact the hospitality industry.

### Bills to watch:

#### Vendor Sales Tax Collection Allowance Bill ([HF 3764](#); [SF 3789](#))

- This bill would allow businesses to retain a portion of the sales tax collected as a vendor collection allowance in compensation for the costs of collecting and administering sales taxes. The rate of what businesses may retain is tiered.
- Hospitality Minnesota members would benefit from this legislation, with most allowed to retain a 0.75 percent vendor collection allowance on sales taxes.
- Hospitality Minnesota is a leading partner on the coalition of businesses pushing this legislation.

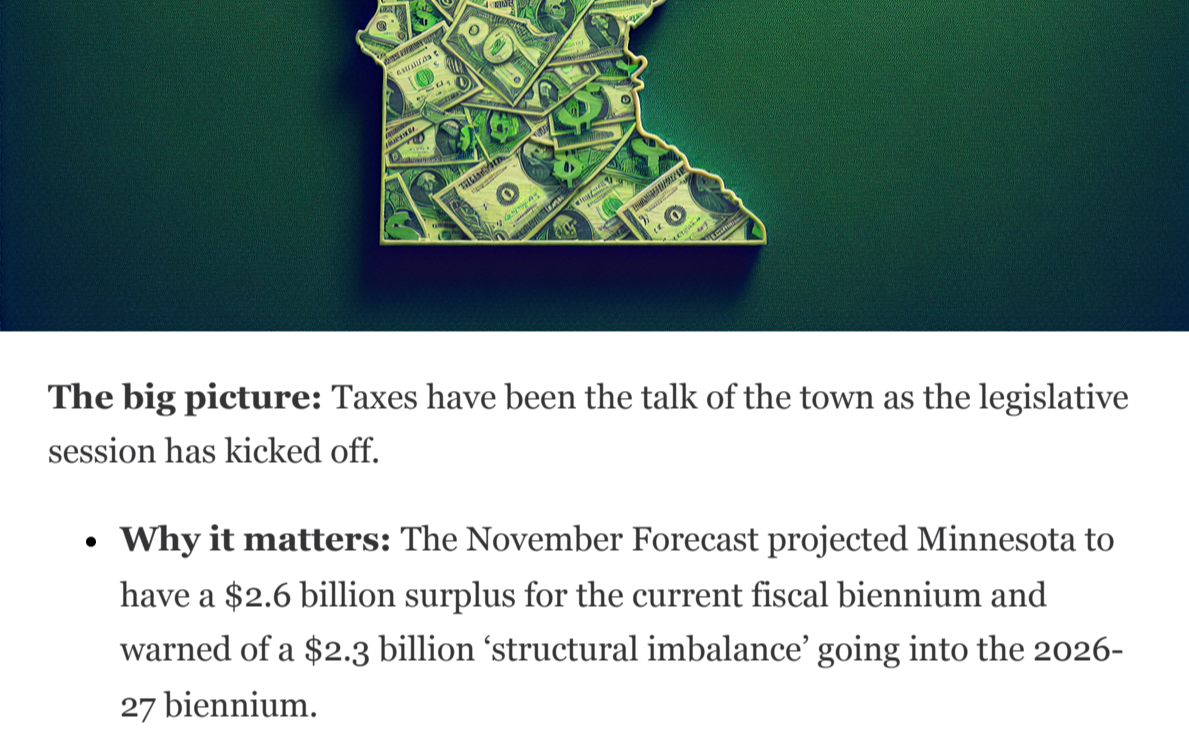
#### Deceptive “Junk” Fees Bill ([HF 3438](#); [SF 3537](#))

- This bill would prohibit advertisements, displays or offers that do not include all mandatory fees or surcharges. Mandatory fees include fees that must be paid to purchase the food; is not reasonably avoidable by the consumer; and a reasonable consumer would expect to be included in the purchase of goods or services being advertised.
- Hospitality Minnesota has spoken with the House author, Representative Greenman, and this would specifically include resort fees and restaurant fees (health and wellness, service charges). There is openness to exclude gratuity fees if a restaurant has a model that charges a flat 18% or 20%.
- Hospitality Minnesota sees challenges for many of our members as there are many long-standing and transparent fees across the industry.
- Please reach out to Jill with your thoughts on this legislation.

#### Online Travel Company Lodging Tax Loophole Bill ([HF 3414](#))

- This bill would align the tax code under lodging taxes, requiring all online travel companies to pay lodging taxes on the entire cost of the room, closing a loophole.
- Today, in 7 localities, this loophole is not allowed due to state collection of the lodging tax. However, 110 lodging taxes are administered locally, thus allowing the loophole.
- Hospitality Minnesota sees benefit to our tourism partners by ensuring that convention and visitor bureaus receive full funding and all of our members are paying lodging tax on an equal playing field.
- Hospitality Minnesota is working with League of Minnesota Cities to advance this legislation.

## Minnesota's Tax Landscape at the Legislature



**The big picture:** Taxes have been the talk of the town as the legislative session has kicked off.

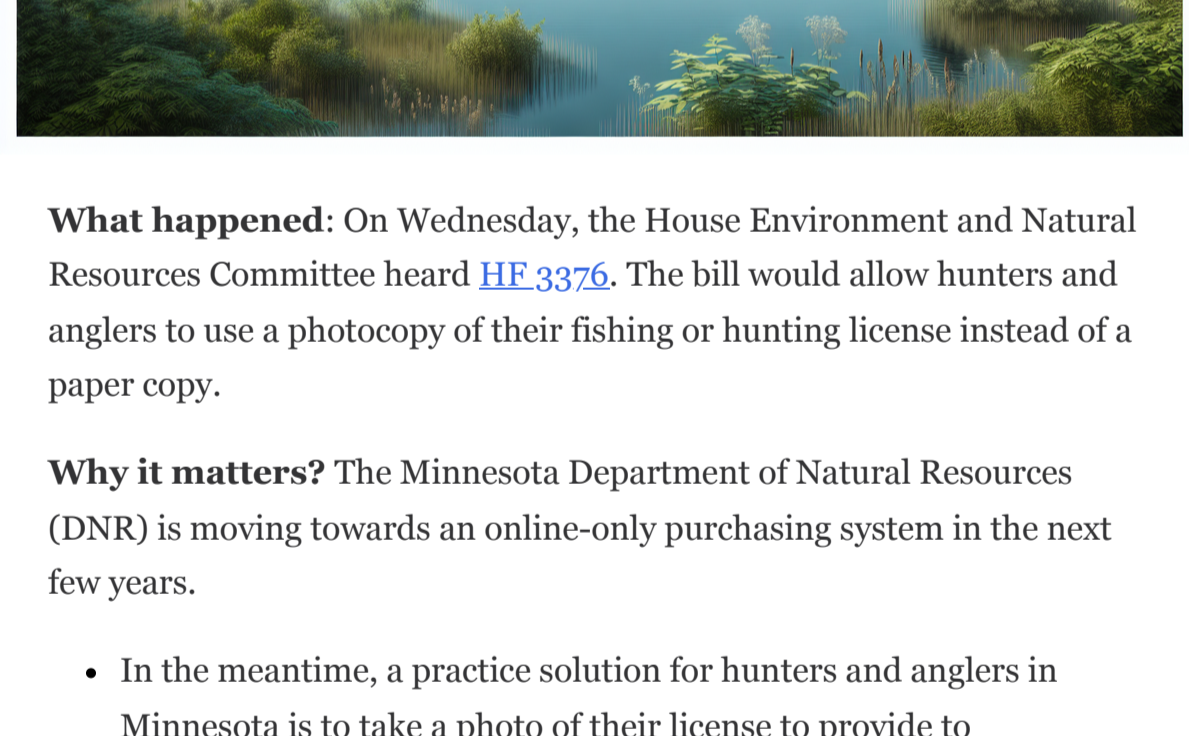
- **Why it matters:** The November Forecast projected Minnesota to have a \$2.6 billion surplus for the current fiscal biennium and warned of a \$2.3 billion 'structural imbalance' going into the 2026-27 biennium.

**What does this mean?** Legislators will not be able to pass major spending legislation without creating a serious risk of a future deficit for the State.

- **What is the Senate Tax Chair saying?** Chair Ann Rest has said that she will not be passing any tax increases, spending increases or any tax relief as there are not any available resources in this non-budget year. Her main priority this session will be to fix last year's tax bill to address the error in drafting on the standard deduction, NOL and some other minor fixes.
- **What is the House Tax Chair saying?** Chair Aisha Gomez has said to not expect any bold tax changes in 2024 but continues her support for worldwide mandatory reporting which failed to be enacted during the 2023 legislative session. Chair Gomez has also talked about a push from people in Minnesota to switch back to multifactor apportionment and a couple of corporate tax credits that could be looked at.

**What's next?** We anxiously await the February Forecast, scheduled for February 28, which will give an updated report on our current surplus and the structural imbalance for the next biennium. This will play a large role in any legislation that gets passed this year.

## Photo Hunting/Fishing Licenses OK by House



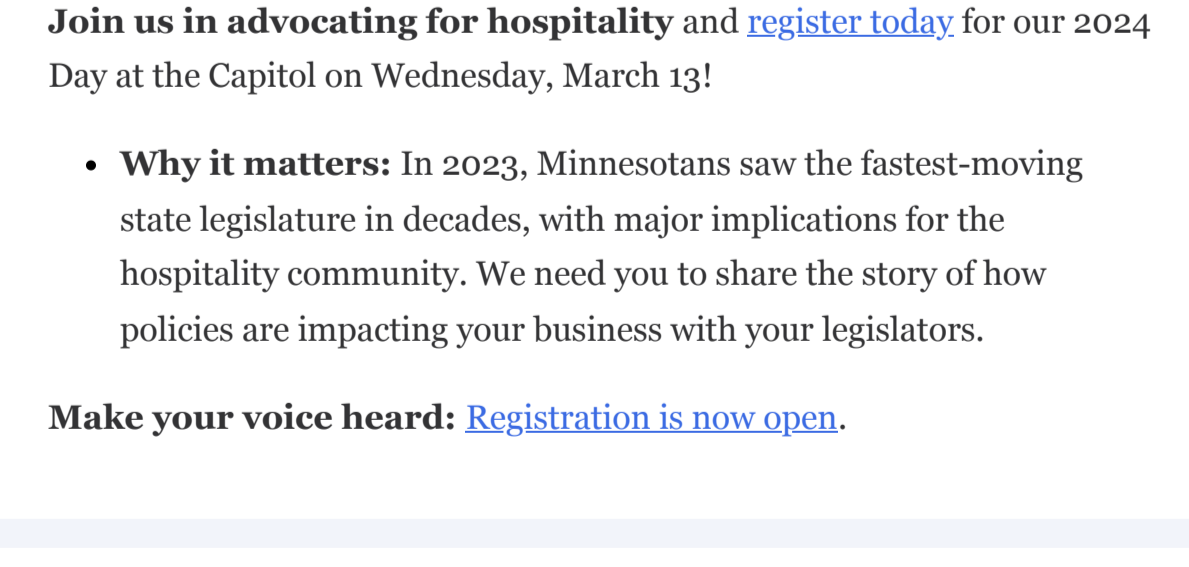
**What happened:** On Wednesday, the House Environment and Natural Resources Committee heard [HF 3376](#). The bill would allow hunters and anglers to use a photocopy of their fishing or hunting license instead of a paper copy.

**Why it matters?** The Minnesota Department of Natural Resources (DNR) is moving towards an online-only purchasing system in the next few years.

- In the meantime, a practice solution for hunters and anglers in Minnesota is to take a photo of their license to provide to enforcement officers if requested.
- While often photo versions are accepted, the law does not explicitly permit officers to accept a photo as sufficient proof of license.
- This is a positive change for all participating in hunting and angling in Minnesota.

**What's next:** The bill was laid over for possible inclusion in a future bill, which Hospitality Minnesota will be monitoring. We do expect the Senate companion bill will receive a hearing.

## Register Now - Day at the Capitol



**Join us in advocating for hospitality** and [register today](#) for our 2024 Day at the Capitol on Wednesday, March 13!

- **Why it matters:** In 2023, Minnesotans saw the fastest-moving state legislature in decades, with major implications for the hospitality community. We need you to share the story of how policies are impacting your business with your legislators.

**Make your voice heard:** [Registration is now open.](#)

## Beyond the Headlines: Minnesota's Political Landscape

- [Governor Walz sets Tuesday, March 19th](#) as the Special Election date to fill former Representative Kurt Daudt's seat.
- [Tensions in the Minnesota Senate](#) are starting to emerge early in the 2024 Legislative Session.
- [The early push to make Minnesota a sanctuary state](#) does not appear to have the votes at the Legislature.
- [The discussion around School Resource Officers](#) has been an early focus of the Legislature.

### Have a great weekend!

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