



# A BETTER SOLUTION

## For Taxing Short-Term Rental Cabins and Condos

Cook County Chamber of Commerce

### NEW INTERPRETATION OF TAX LAW COULD DAMAGE TOURISM

In Minnesota, similar types of cabins and condos that are occasionally rented to others during vacations are being **classified three different ways** depending on the county – seasonal recreational, residential non-homestead or commercial.

Last year, the Minnesota Department of Revenue advised county assessors to begin taxing vacation homes that are shared with renters as commercial businesses.

**If implemented, this would devastate local economies across Greater Minnesota that depend on tourism. This new interpretation will:**

- **Double or even triple taxes** on individual cabin and condo owners who sometimes rent their property
- Force owners of short-term rental property to quit renting or sell
- Depress real estate values at tourist destinations
- Jeopardize jobs and local businesses

### SOLUTION: FAIR TAX RATE PRESERVES OUR QUALITY OF LIFE

It's fair to ask cabin and condo owners to pay a little more in property taxes if they receive rental income, but we should be consistent and we shouldn't tax them as if they were a full-time business, either.



We are advocating legislation that would create a new tax class for short-term rental properties that would tax them at a similar rate as long-term rental.

Under this bill, the tax rate for short-term rental cabins and condos will be 1.25. The properties would also be taxable for referendum market value levies for local schools. **Learn more about our proposal:**

**House File 3826:** Chief Author – Rep. Rob Ecklund (DFL-International Falls)



## KEEPING A MINNESOTA TRADITION STRONG

Generations of families travel across Minnesota to enjoy the great outdoors. Owning a cabin has been a realistic goal for families because they can cover some of the costs of ownership by sharing their property with tourists who prefer renting.

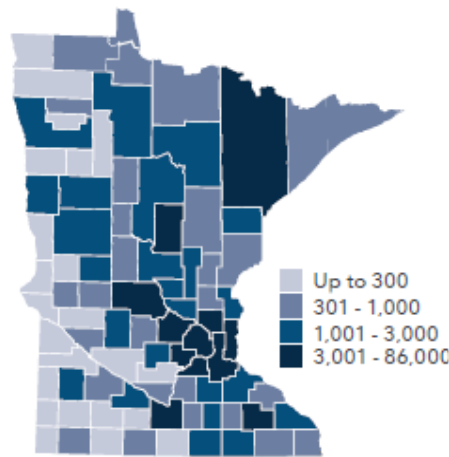
### All Minnesotans benefit from this:

- Owning a cabin is part of the Minnesota dream for a state with an estimated 124,000 vacation properties
- Renting cabins and condos provides lodging options for people who can't afford a cabin or choose not to own one
- More options for lodging attract more tourists to support local economies



### ECONOMIC IMPACT

Short-term rental properties strengthen the economy in Minnesota's tourist communities. Across the state, there are more than **270,000 full- and part-time leisure and hospitality jobs.**



Leisure and  
Hospitality  
Jobs By  
County

Source: Explore Minnesota

### TO LEARN MORE



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