

CITY OF COTTAGE GROVE, MINNESOTA  
ORDINANCE NO. 1017

**AN ORDINANCE FOR THE CITY OF COTTAGE GROVE, MINNESOTA, AMENDING  
COTTAGE GROVE CITY CODE TITLE 1, CHAPTER 10 BY ADDING THE  
ESTABLISHMENT OF A LOCAL LODGING TAX**

The City Council of the City of Cottage Grove, Washington County, Minnesota, does hereby ordain as follows:

**SECTION 1. AMENDMENT.** The Code of the City of Cottage Grove, County of Washington, State of Minnesota, Title 1, Chapter 10, Section 7 shall be amended by adding the following section as follows:

**1-10-7 – LOCAL LODGING TAX**

A. Local Lodging Tax Purpose and Definitions.

1. Purpose. In order to fund a local convention and visitors bureau for the purpose of marketing and promoting the City of Cottage Grove as a tourist and convention center, it is in the best interest of the City to impose a local lodging tax in accordance with Minn. Stat. § 469.190.
2. Definitions. As used in this Section 1-10-7, the following terms shall have the following meanings ascribed to them:

LODGING: 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 thirty (30) days or more.

OPERATOR: Any person, corporation, partnership, or association who provides lodging to others.

RENT: The total consideration valued in money charged for lodging whether paid in money or otherwise but shall not include any charges for services rendered in connection with such lodging.

- B. Imposition and Collection of Tax. All operators shall impose and collect a tax of three percent (3%) on the gross receipts from the furnishing of lodging at the time lodging charges are paid. The amount of tax shall be separately stated from the lodging charges and held in trust for the City until remitted.

C. Payment and Returns.

1. The operator shall remit all taxes collected hereunder to the City not later than twenty-five (25) days after the end of the month in which the taxes were collected. When payment is made to the City, the operator shall also file a tax return on a form provided by the City containing the following information and such other information as the City may require:
  - a. The total amount of gross receipts for lodging during the tax return period.

- b. The amount of tax imposed and collected as required for the tax return period.
  - c. The signature of the person filing the tax return, or his/her designee.
  - d. The period covered by the tax return.
  - e. The amount of uncollectible rent subject to the lodging tax.
2. The operator may offset the amount of taxes imposed by this Section previously paid hereunder as a result of any transaction, the consideration for which became uncollectible during such reporting period, against the taxes due and payable with respect to any reporting period, but only in proportion to the portion of such consideration which became uncollectible.
- D. Examination of Return, Adjustments, Notices and Demands. After a return is filed, the City shall examine it and may make any investigation or examination of the records and accounts of the operator making the return as deemed necessary for determining its correctness. If requested, the operator shall provide its records and accounts to the City for inspection and examination within fifteen (15) days of the City's request. If, after any investigation or examination, it is determined that the tax due is greater than that paid, such excess shall be paid to the City within ten (10) days after the City has given notice either personally or sent by certified mail to the address shown on the return. If the tax paid is greater than the tax found to be due, the excess shall be refunded within ten (10) days after determination of such refund. Whenever any tax due has a ten percent (10%) or more discrepancy, the operator shall reimburse the City for any costs incurred by the City in reviewing the operator's return, including administrative costs and attorneys' fees.
- E. Refunds. Any operator may apply to the City for a refund of taxes paid in excess of the amount legally due for that period, provided that it is filed within one year after such tax was paid, or within one year from the filing of the return, whichever period is longer. The Finance Director shall review the request and may approve or deny the request in whole or in part and shall issue written findings of such decision. The City shall notify the operator of its decision by sending notice by certified mail to the address stated upon the refund claim application. If such claim is approved in whole or in part the City shall credit the amount of the refund against any taxes due and owing hereunder by the operator. Any balance of the refund shall promptly be paid by the City to the operator.
- F. Failure to File a Return. Any operator who fails to file a return as required, or who files an incorrect, false, or fraudulent return, then upon written notice and demand by the City, shall file a return or corrected return together with any tax due within thirty (30) days of the City sending the written notice. Whenever any person fails to file the appropriate return under this provision or fails to pay the tax due after such notice and demand, the City may determine the appropriate tax from such knowledge and information as the City is able to obtain and assess such tax accordingly. Any tax determined to be due and owing under this provision shall be paid by the operator within five (5) days after written notice and demand for such payment is sent by the City. Any assessment made by the City shall be prima facie correct and valid; and

the operator shall have the burden of establishing the assessment is incorrect or invalid. Late payments shall be subject to interest at the rate of eight percent (8%) per annum.

- G. Failure to Remit Tax Payment. If any portion of a tax and penalties is not paid within thirty (30) days after it is required to be paid, the City may certify the tax as a lien against the real property on which the lodging establishment is located, along with interest, penalties, administrative costs and attorneys' fees.
- H. Extension for Filing or Payment. Upon showing of good cause, the Finance Director may grant an operator a thirty (30) day extension within which to file a return or make payment of taxes. Interest shall accrue during such extension period at the rate of eight percent (8%) per annum.
- I. Penalties and Interest.
  - 1. If any tax required is not paid within the time specified or within the approved extension period, the operator shall pay a penalty equal to ten percent (10%) of the amount unpaid, in addition to the tax due and payable.
  - 2. Any tax not paid within twenty-five (25) days after the end of the month in which the taxes were collected by the operator, together with any penalty provided herein, shall bear interest at a rate of eight percent (8%) per annum and shall begin to accrue at the time the tax was required to be paid. Any interest and penalty shall be added to the tax and be collected as part thereof.
- J. Violations. Any operator who willfully fails to make a return required, or who fails to pay the tax after written demand for payment, or who fails to remit the taxes collected or any penalty or interest imposed after written demand for such payment, or who refuses to permit the City to examine the books, records and papers under the operator's control, or who willfully makes any incomplete, false or fraudulent return shall be guilty of a misdemeanor.
- K. Use of Proceeds. Ninety-five percent (95%) of the proceeds obtained from the collection of taxes shall be used in accordance with Minn. Stat. § 469.190 to fund a local convention or tourism bureau for the purpose of marketing and promoting the City as a tourist or center convention.
- L. Appeals.
  - 1. Petition Required. Any operator who is aggrieved by any notice, order, or determination made by the City, may file a petition for administrative review within thirty (30) days after the notice, order, or determination has been sent the operator. The petition shall contain the following:
    - a. A detailed account of the operator's reasons for contesting the order, notice, or determination.
    - b. The name of the operator, the operator's address, and the location of the lodging establishment subject to the order, notice or determination.

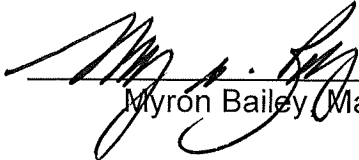
2. Hearing. Upon receipt of the petition, the City Administrator, or the Administrator's designee, shall set a date for a hearing and give the operator at least fourteen (14) days prior written notice of the date, time, and place of the hearing. At the hearing, the operator has the burden to prove that the notice, order, or determination is in error. The operator may be represented by counsel at operator's own expense. The hearing shall be conducted by the City Administrator or Administrator's designee, provided that the person conducting the hearing shall not have participated in the decision in the notice, order or determination for which review is sought. The notice, order or determination may be affirmed, reversed, or modified. Any decision by the City Administrator shall be supported by written findings of fact based upon the applicable provisions of this Section and the evidence presented.
  3. Appeal to the City Council. The operator may appeal the decision of the City Administrator or the Administrator's designee to the City Council by filing a written notice of appeal with the City Clerk within ten (10) days after the decision has been sent to the operator. The matter will be set before the City Council as soon as is practical, and the operator shall be given fourteen (14) days notice of the Council hearing. The Council's standard of review of the Administrator's decision shall be based on the record and the operator shall have the burden to prove the City's notice, order, or determination is in error. The Council may modify, reverse, or affirm the decision of the City Administrator.
- M. Alternate Method of Collection. The City may agree with the State of Minnesota Commission of Revenue that the tax imposed by this Section shall be collected by the Commissioner together with the sales tax imposed by Minn. Stat., Chap. 297A and subject to the same interest, penalties and other rules and that the proceeds, less the cost of collection, shall be remitted to the City. If the City makes such an agreement pursuant to Minn. Stat. § 469.190, subd. 7 with the Commissioner of Revenue, then the interest, penalties and other rules applicable to the collection of the sales tax under Minn. Stat., Chap. 297A shall also be applicable to the lodging tax imposed by this Section, in lieu of the interest, penalties and collection rules set forth in this Section.

**SECTION 2. SUMMARY PUBLICATION**. Pursuant to Minn. Stat. § 412.191, in the case of a lengthy ordinance, a summary may be published. While a copy of the entire ordinance is available without cost at the office of the City Clerk, the following summary is approved by the City Council and shall be published in lieu of publishing the entire ordinance.

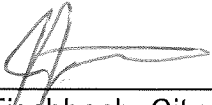
Ordinance No. 1017 adopted by the Cottage Grove City Council December 4, 2019, modifies the City Code to adopt a local lodging tax of 3 percent on all lodging charges in the City.

**SECTION 3. EFFECTIVE DATE**. This ordinance shall be in full force effect after passage and publication according to law.

Passed this 4th day of December 2019.

  
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Myron Bailey Mayor

Attest:



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Joe Fischbach, City Clerk

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