

**Revenue Notice # 05-11 was corrected on December 27, 2005.  
The first page is the correction notice and the second page is  
the notice as published on October 31, 2005.**

## **MINNESOTA DEPARTMENT OF REVENUE**

### **Correction to Revenue Notice # 05-11: Sales and Use Tax – Local Lodging, Restaurant and Liquor Taxes**

The notice appearing at *State Register* 30 SR 448 (Monday 31 October 2005) had a typographical error and should contain the following correction. In the second sentence of the first paragraph under the heading "Local Restaurant and Liquor Taxes," the word "lodging" should be "liquor" so it reads as follows: "Local restaurant and **liquor** taxes are generally imposed upon food and beverages sold by restaurants, caterers and places of refreshment, and on retail sales of intoxicating liquor and fermented malt beverages at licensed on-sale liquor establishments."

Publication Date: December 27, 2005

# MINNESOTA DEPARTMENT OF REVENUE

## Revenue Notice # 05-11: Sales and Use Tax – Local Lodging, Restaurant and Liquor Taxes

This Revenue Notice sets forth the department's position as to which lodging related services are subject to the local lodging taxes that are administered by the department and as to certain services that are subject to local restaurant and liquor taxes.

### Department Position

#### Local Lodging Taxes

It is the department's position that a local lodging tax that is administered by the Department of Revenue must be imposed on lodging and related services in the same manner as the state sales tax imposed on lodging and related services under *Minnesota Statutes*, section 297A.61, subdivision 3(g)(2).

Local lodging taxes must be charged on lodging for a period of less than 30 days and on lodging furnished for periods of 30 days or more if there is no enforceable written agreement that requires the guest to give notice of their intent to terminate. Charges for services, provided within a guest room that are associated with the use of the lodging facility and that are billed by the lodging facility to the lodging guest, are treated as lodging related services.

The following are examples of charges subject to local lodging taxes as services related to providing taxable transient lodging:

- Charges for pay per view in-room movies and video games. The party who is responsible for reporting these transactions for state sales tax purposes is responsible for remitting the local lodging tax on these charges;
- Charges for access to telecommunications services in guest rooms;
- Charges for the use in guest rooms of property including cots, cribs, refrigerators, roll-away beds and exercise equipment;
- Charges for use of in-room safes;
- Charges for laundry and dry cleaning services when the items are picked up from and delivered to the guest room;
- Charges for purchases made from in-room minibars and refrigerators; and
- Charges associated with food and beverages for room service or room delivery including mandatory tips and gratuities.

The provisions of this Revenue Notice relating to local lodging taxes are effective from the date of publication.

#### Local Restaurant and Liquor Taxes

Some local restaurant and liquor taxes are also administered by the department. Local restaurant and lodging taxes are generally imposed upon food and beverages sold by restaurants, caterers and places of refreshment, and on retail sales of intoxicating liquor and fermented malt beverages at licensed on-sale liquor establishments. These local restaurant and liquor taxes can also apply to sales of food and beverages made by lodging facilities.

Local restaurant and liquor taxes apply to the sales of food and beverages by lodging facilities when the food and beverages are not provided within a guest room, such as when they are provided in meeting or banquet rooms. Local restaurant and liquor taxes are also imposed upon service charges, mandatory tips or gratuities, and delivery or similar charges that relate to the serving of food and beverages in meeting or banquet rooms. Lodging taxes are not imposed on the sales described in this paragraph since they are not services related to lodging.

In Minneapolis, any fees or charges that are subject to the local lodging tax are not subject to the local restaurant or local liquor tax since the providing of lodging or a related lodging service in Minneapolis are subject to a maximum tax rate of 13 percent. See *2001 Minnesota Laws*, First Special Session, Chapter 5, Article 12, Section 87.

The provisions of this Revenue Notice relating to local restaurant and liquor taxes are effective from the effective dates of the applicable laws.

John H. Mansun, Assistant Commissioner  
for Tax Policy and External Relations

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