

ORDINANCE NO. 2026-01

AN ORDINANCE AMENDING FAIRMONT CITY CODE, CHAPTER 14 – LICENSES, PERMITS AND MISCELLANEOUS BUSINESS REGULATIONS, BY REPEALING AND REPLACING ARTICLE IV. – LODGING TAX

THE CITY OF FAIRMONT DOES ORDAIN (new material is underlined; deleted material is lined out; sections which are not proposed to be amended are omitted; sections which are only proposed to be re-numbered are only set forth below as to their number and title):

SECTION 1. Fairmont City Code, Chapter 14, Article IV. – Lodging Tax, is hereby repealed and replaced in its entirety to read as follows:

ARTICLE IV. - LODGING TAX

Sec. 14-51. Definitions.

For the purpose of this article, the following terms, phrases and words, and their derivations have the meaning given herein. When not inconsistent with the context, words used in present tense include the future, words in the plural form include the singular and words in the singular include the plural form. The word "shall" is always mandatory and not merely directory. Minnesota Statutes Section 270C.171 is incorporated for definitions in this article. In any potential conflict between the statute and this article, the statute shall take precedence.

Accommodation's intermediary means any person or entity, other than an accommodations provider, that facilitates the sale of lodging and that charges a room charge to a customer. The term "facilitates the sale" includes brokering, coordinating, or in any way arranging for the purchase of or the right to use accommodations by a customer for lodging as defined herein. The term "room charge" means the total sales price paid by the customer for lodging.

Accommodations provider is defined to be the person or entity that furnishes lodging and related services, whether in the capacity of owner, lessee, sublessee, licensee, or any other capacity, to a customer for compensation. The term "furnishes" includes the sale of use or possession, or the sale of the right to use or possess.

City means the City of Fairmont.

Commissioner means the commissioner of revenue of the state of Minnesota or a person to whom the commissioner has delegated functions.

Customer means the person obtaining lodging from an accommodations provider.

Lodging and related services means the furnishing for a consideration of lodging by the following: a hotel, motel, bed and breakfast, resort, rooming house, vacation rental, trailer camp, rental housing unit as defined in section 27-3 of this code, or public/private campground; except where such lodging shall be for a continuous period of thirty (30) days or more to the same customer(s) under an enforceable written agreement that may not be terminated without prior notice, and including accommodation's intermediary services provided in connection with other services provided under this definition. The furnishing of rooms

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owned by religious, educational or nonprofit organizations for self-sponsored activities shall not constitute "lodging and related services" for purposes of this program.

Person means any individual, corporation, partnership, association, estate, receiver, trustee, executor, administrator, assignee, syndicate, or any other combination of individuals. Whenever the term "person" is used in any provision of this article prescribing and imposing a penalty, the term as applied to a corporation, association or partnership shall mean the officers or partners thereof, as the case may be.

Rent means the total consideration valued in money charged for the lodging, whether paid in money or otherwise, but shall not include any charges for services rendered in connection with furnishing lodging other than the room charge itself.

State sales and use tax laws and rules means those provisions of the state revenue laws applicable to state sales and use tax imposition, administration, collection, and enforcement, including Minnesota Statutes, chapters 270C, 289A, 297A, 469A, and Minnesota Rules, chapter 8130, as amended from time to time.

Sec. 14-52. Imposition of tax.

Pursuant to Minnesota Statutes Section 469.190, there is hereby a tax imposed on the gross receipts from sales of lodging and related services to any person within the city which are taxable under the state sales and use tax laws and rules. A lodging tax of three (3) percent shall be imposed on the gross receipts from sales of lodging and related services. All of the provisions of the state sales and use tax laws and rules apply to the local lodging tax imposed by this article.

Sec. 14-53. Agreement with the Commissioner.

The City may enter into an agreement with the Commissioner regarding each party's respective roles and responsibilities related to the imposition, administration, collection, enforcement, and termination of the lodging tax imposed by this article. Any such agreement shall not abrogate, alter, or otherwise conflict with the state sales and use tax laws and rules, this article, or Minnesota Statutes section 469.190.

Sec. 14-54. Collections.

The lodging tax shall be collected and remitted to the Commissioner by the accommodation's intermediary and the accommodations provider on any sale when the state sales tax must be collected and remitted to the Commissioner under the state sales and use tax laws and rules and in the same manner and is in addition to the state sales and use tax.

Sec. 14-55. Advertising no tax.

It shall be unlawful for any accommodation's intermediary or accommodations provider to advertise or hold out or state to the public or any customer, directly or indirectly, that the tax or any part thereof will be assumed or absorbed by the accommodation's intermediary or accommodations provider, or that it will not be added to the rent or that, if added, it or any part thereof will be refunded.

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Sec. 14-56. Violations.

Any person who shall willfully fail comply with the requirements of this article return shall be guilty of a misdemeanor and subject to any enforcement or penalties imposed by the Commissioner pursuant to any agreement under Section 14-53.

Sec. 14-57. Use of proceeds.

- (a) Ninety-five (95) percent of the proceeds obtained from the collection of taxes pursuant to this program shall be used in accordance with Minnesota Statutes Section 469.190 as the same may be amended from time to time to fund a local convention/tourism bureau for the purpose of marketing and promoting the city as a tourist/convention center. Subject to the terms of any agreement with the Commissioner and the amount charged by the State for collection of the tax, the city may retain a maximum of five (5) percent for administrative costs.
- (b) The city, by and through an agreement entitled "Agreement Between the City of Fairmont and the Fairmont Convention and Visitor's Bureau" (hereinafter referred to as the "agreement") hereby permits the Fairmont Convention and Visitor's Bureau (hereinafter referred to as CVB) to be funded by the tax set forth herein and pursuant to Minnesota Statute Section 469.190. The "agreement" sets forth the purpose and duties of the CVB.
- (c) Violation of this article shall be considered a misdemeanor and punished by a fine of one thousand dollars (\$1,000.00) or ninety (90) days in jail, or both.

Secs. 14-58 through 14-66. – Reserved.

SECTION 2. This Ordinance shall take effect immediately after its publication.

Passed by the City Council of the City of Fairmont, Minnesota, this 9th day of February 2026.

First Reading: January 26, 2026

Motion by: Councilmember Maynard

Seconded by: Councilmember Kotewa

All in Favor: Councilmembers Hasek, Kotewa, Lubenow, and Maynard

Opposed: None

Abstained: None

Absent: Councilmember Kawecki

Second Reading: February 9, 2026

Motion by: Councilmember Maynard

Seconded by: Councilmember Kotewa

All in Favor: Councilmembers Hasek, Kawecki, Kotewa, Lubenow, and Maynard

Opposed: None

Abstained: None

Absent: None

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Lee C. Baarts, Mayor

ATTEST:



Betsy Steuber, City Clerk

