



7600 Young's Bay Dr. NW, Angle Inlet MN 56711
218-223-8031

The Hon. Ann Rest
75 Rev. Dr. Martin Luther King Jr. Blvd.
Capitol, Room 328
St. Paul, MN 55155

Dear Chair Rest and Senate Tax Committee Members,

We are writing in support of the Lake of the Woods Tourism Bureau. My family has been in the resort business at the NW Angle for around 100 years. The Tourism Bureau has been a great help to us, drumming up business and new guests. The Bureau has facilitated many relationships with the border patrol, customs, the DNR, etc. We feel it has been an asset in many ways.

Thank you,
Richard McKeever
Owner, Young's Bay Resort

218-634-2836
218-634-2509 (FAX)
lorene_h@co.lotw.mn.us



LAKE OF THE WOODS COUNTY

Lake of the Woods County Auditor/Treasurer

Lorene G Hanson
206 8th Ave SE, Suite 260
Baudette, MN 56623

The following Resolution was offered by Commissioner Ed Arnesen, seconded by Commissioner Jon Waibel and carried unanimously to approve the following:

Lake of the Woods Lodging Tax Collection RESOLUTION NO. 23-01-04

WHEREAS, counties in Minnesota are not authorized to impose a local lodging tax, pursuant to Minnesota Statutes 469.190, except in the cases of joint powers agreements and on behalf of unorganized township where the county board acts as the unorganized township's board; and,

WHEREAS, such a tax of 3% was imposed in certain areas in Lake of the Woods County beginning in 1989, and continues to the present day, but is now only imposed in the unorganized townships of Lake of the Woods County, and the City of Baudette no longer participates in the Tourism Bureau funded by the local lodging tax but may instead impose a separate lodging tax pursuant to Minnesota Statute 469.190; and,

WHEREAS, the revenue raised since the lodging tax's original inception and the accompanying advertising has resulted in the area becoming an international star in recreational fishing, which in turn has significant impact on businesses throughout northern Minnesota and neighboring counties; and,

WHEREAS, the body of water named "Lake of the Woods", is under the jurisdiction of Lake of the Woods County until Canadian waters, and is not under the jurisdiction of any city, municipality, or township. A county-wide lodging tax clears up any jurisdictional question imposing a lodging tax on facilities located on the ice during the winter months; and,

WHEREAS, the vast majority of all taxes collected are related resorts and fishing, including ice fishing houses that provide lodging; and,

WHEREAS, the purpose of the lodging tax is to raise revenue to fund a local tourism bureau for the purpose of marketing and promoting the County of Lake of the Woods.

NOW THEREFORE BE IT RESOLVED, that the Lake of the Woods County Board of Commissioners seeks special legislation authorizing the County to impose a tax of up to three percent (3%) on gross receipts subject to the same rules and laws as the lodging tax allowed under Minnesota Statutes section 469.190. The county-wide tax would not be imposed on any lodging facilities located within the City of Baudette.

I certify that this is a true and complete copy of the original thereof, which is on file and of record in the Office of the County Auditor/Treasurer, Lake of the Woods County, Minnesota.

DATED at Baudette, Minnesota this 24th day of January 2023.



Lorene Hanson, County Auditor/Treasurer

(SEAL)

218-689-5521
218-634-2509 (FAX)
edarnesen@gmail.com



LAKE OF THE WOODS COUNTY

Lake of the Woods County Commissioners

Ed Arnesen, Chair
206 8th Ave SE Suite 260
Baudette, MN 56623

April 11, 2023

The Honorable Ann Rest
75 Rev Dr Martin Luther King Jr Blvd
Capitol, Room 328
St. Paul, MN 55155

Dear Chair Rest & Senate Tax Committee Members:

I am writing this letter on behalf of the Lake of the Woods County Board of Commissioners in support of a local lodging tax in Lake of the Woods County, pursuant to Minnesota Statutes.

The Lake of the Woods County is seeking special legislation authorizing the County to impose this tax. The tax of up to three percent (3%), would be a County-Wide Lodging Tax, including all land and water and would exclude any lodging facilities within the City of Baudette.

In 1989, the County and the City of Baudette jointly imposed a 3% lodging tax which was limited to certain areas of the county. Recently, the City of Baudette has chosen to no longer participate in the original agreement as it was set up. Therefore, the reason for the County to pursue, on its' own, the County-Wide Lodging tax, with the exception of the City of Baudette.

The County recognizes that by having a lodging tax to create revenue to fund a local Tourism Bureau and its marketing and promoting of the County, the County has become known nationwide for its fishing and tourism destination. In addition, the County is recognized as the most northern point in the contiguous lower United States. This recognition helps the whole county, community and its neighboring counties.

Lake of the Woods County is the youngest county in the State of Minnesota. Since the beginning of inception in 1923, it has been strong in tourism with its' fishing on the Lake of the Woods, which in addition, borders international waters with Canada.

The continuation of the lodging tax, with the adjustment in the areas of collecting the lodging tax, would help to continue to promote and preserve the recognition of the County of Lake of the Woods.

Please accept this letter of support from the Lake of the Woods County Board of Commissioners in support of special legislation imposing a Local Lodging Tax. A tax of up to three percent (3%) on gross receipts, subject to the same rules and laws as the lodging tax allowed under Minnesota Statutes 469.190. The county-wide lodging tax, would be inclusive of all land and water, with the exception of the lodging facilities within the City of Baudette.

Please do not hesitate to contact me for any further information or any questions you may have. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Ed Arnesen", is written over a horizontal line.

Ed Arnesen,
Lake of the Woods County Board Chair

Equal Opportunity Employer

218-634-2836
218-634-2509 (FAX)
lorene_h@co.lotw.mn.us



LAKE OF THE WOODS COUNTY

Lake of the Woods County Auditor/Treasurer

Lorene G Hanson
206 8th Ave SE Suite 260
Baudette, MN 56623

The following Resolution was offered by Commissioner Ed Arnesen, seconded by Commissioner Joe Grund and carried unanimously to approve the following:

Lake of the Woods Lodging Tax Collection RESOLUTION NO. 23-0301-EDA

WHEREAS, counties in Minnesota are not authorized to impose a local lodging tax, pursuant to Minnesota Statutes 469.190, except in the cases of joint powers agreements and on behalf of unorganized township where the county board acts as the unorganized township's board; and,

WHEREAS, such a tax of 3% was imposed in certain areas in Lake of the Woods County beginning in 1989, and continues to the present day, but is now only imposed in the unorganized townships of Lake of the Woods County, and the City of Baudette no longer participates in the Tourism Bureau funded by the local lodging tax but may instead impose a separate lodging tax pursuant to Minnesota Statute 469.190; and,

WHEREAS, the revenue raised since the lodging tax's original inception and the accompanying advertising has resulted in the area becoming an international star in recreational fishing, which in turn has significant impact on businesses throughout northern Minnesota and neighboring counties; and,

WHEREAS, the body of water named "Lake of the Woods", is under the jurisdiction of Lake of the Woods County until Canadian waters, and is not under the jurisdiction of any city, municipality, or township. A county-wide lodging tax clears up any jurisdictional question imposing a lodging tax on facilities located on the ice during the winter months; and,


WHEREAS, the vast majority of all taxes collected are related resorts and fishing, including ice fishing houses that provide lodging; and,

WHEREAS, the purpose of the lodging tax is to raise revenue to fund a local tourism bureau for the purpose of marketing and promoting the County of Lake of the Woods.

NOW THEREFORE BE IT RESOLVED, that the Lake of the Woods County Board of Commissioners seeks special legislation authorizing the County to impose a tax of up to three percent (3%) on gross receipts subject to the same rules and laws as the lodging tax allowed under Minnesota Statutes section 469.190. The county-wide tax, including all land and water, would not be imposed on any lodging facilities located within the City of Baudette.

I certify that this is a true and complete copy of the Lake of the Woods Economic Development Authority original minutes thereof, which is on file and of record in the Office of the County Auditor/Treasurer, in Lake of the Woods County, Minnesota.

DATED at Baudette, Minnesota this 2nd day of March 2023.



Lorene Hanson, County Auditor/Treasurer

(SEAL)

612-281-8284
218-634-2509 (FAX)
Jonathan.waibel@hotmail.com



LAKE OF THE WOODS COUNTY

Economic Development Authority

Jon Waibel, President
206 8th Ave SE Suite 260
Baudette, MN 56623

April 12, 2023

The Honorable Ann Rest
75 Rev Dr Martin Luther King Jr Blvd
Capitol, Room 328
St. Paul, MN 55155

Dear Chair Rest & Senate Tax Committee Members:

I am writing this letter on behalf of the Lake of the Woods Economic Development Authority in support of a local lodging tax in Lake of the Woods County, pursuant to Minnesota Statutes.

The Lake of the Woods County is seeking special legislation authorizing the County to impose this tax. The tax of up to three percent (3%), would be a County-Wide Lodging Tax, including all land and water and would exclude any lodging facilities within the City of Baudette.

In 1989, the County and the City of Baudette jointly imposed a 3% lodging tax which was limited to certain areas of the county. Recently, the City of Baudette has chosen to no longer participate in the original agreement as it was set up. Therefore, the reason for the County to pursue, on its' own, the County-Wide Lodging tax, with the exception of the City of Baudette.

The 3% lodging tax has been generating approximately \$500,000 annually in revenue and has been used to fund a local Tourism Bureau with its marketing and promoting of the County. The County has become known nationwide for its fishing and tourism destination. In addition, the County is recognized as the most northern point in the contiguous lower United States. This recognition impacts the communities and businesses not only in Lake of the Woods County, but its neighboring counties and throughout northern Minnesota.

Lake of the Woods County is the youngest county in the State of Minnesota. Since the beginning of inception in 1923, it has been strong in tourism with its' fishing on the Lake of the Woods, which in addition, borders international waters with Canada.

The continuation of the lodging tax, with the adjustment in the areas of collecting the lodging tax, would help to continue to promote and preserve the recognition of the County of Lake of the Woods.

Please accept this letter of support from the Lake of the Woods Economic Development Authority in support of special legislation for Lake of the Woods County imposing a Local Lodging Tax. A tax of up to three percent (3%) on gross receipts, subject to the same rules and laws as the lodging tax allowed under Minnesota Statutes 469.190. The county-wide lodging tax, would be inclusive of all land and water in Lake of the Woods County with the exception of all lodging facilities within the City of Baudette.

Please do not hesitate to contact me for any further information or any questions you may have. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Waibel", is written over the word "Sincerely,".

Jonathan Waibel,
Lake of the Woods Economic Development Authority President

Equal Opportunity Employer

The Hon. Ann Rest
75 Rev. Dr. Martin Luther King Jr. Blvd.
Capitol, Room 328
St. Paul, MN 55155

Dear Chair Rest and Senate Tax Committee Members:

I'm writing this letter to ask for your support to keep the Lake of the Woods lodging tax in place.

Tourism is the #1 industry in Lake of the Woods County and this tax is greatly needed for Lake of the Woods County. Our resort has been in operation since 1897 and we believe this tax is extremely important for the future of our business.

Please support SF1502 for the future of tourism in our county.

Thank you,

Edward Amesen
Amesen's Rocky Point



North Star
ELECTRIC COOPERATIVE

P.O. Box 719
Baudette, MN 56623
218-634-2202
1-888-634-2202
Fax: 218-634-2203

P.O. Box 371
Littlefork, MN 56653
218-278-6658
1-888-258-2008
Fax: 218-278-4748

e-mail: nsec@wiktel.com
www.northstarelectric.coop

April 13, 2023

RE: Lake of the Woods Tourism Bureau

To Whom it May Concern,

North Star Electric Cooperative Inc provides electricity to multiple northern Minnesota counties including Lake of the Woods, Koochiching, and St Louis.

The Lake of the Woods Tourism Bureau has been a positive advocate in promoting tourism in northern Minnesota. North Star Electric Cooperative Inc is supportive of the contributions the Lake of the Woods Tourism Bureau has made in not only promoting tourism, but also the rural growth and employment opportunities that comes with it.

Cooperatively yours,



Kevin Holen
Interim General Manager
North Star Electric Coop

The Hon. Ann Rest
75 Rev. Dr. Martin Luther King Jr. Blvd.
Capitol, Room 328
St. Paul, MN 55155

Dear Chair Rest and Senate Tax Committee Members:

I'm writing in support of the Lake of the Woods/NW Angle Tourism Lodging tax and its benefits to the businesses and resorts of Minnesota's Lake of the Woods. For over 30 years MidWest Outdoors and Lake of the Woods Tourism have worked together to promote tourism in the area. Through the decades tourism has grown year around benefiting resorts, hotels, guides, gas stations, LP gas suppliers, bait shops, grocery, hardware and retail stores, marine and auto repair shops, bars, restaurants, real estate, builders, banks plus other business of the area and all the people who they employ. It is a very positive organization that is funded by the tourists who enjoy lodging in the area.

Best Regards
Greg Jones
Minnesota Representative
Midwest Outdoors Television and Media
1-320-248-9214

April 12, 53

The Hon. Fran Rees -
75 Rev. Dr. Martin Luther King Jr. Blvd.
Capital Room 328
St. Paul, Mn - 55155

Dear Chair Rees & Senate Tax Committee members:

I am communicating with you concerning the Lodging Tax Bill coming before your committee. My wife & I have owned and operated a Resort in Lake/Woods County on Lake of the Woods for over forty-six (46) years. The 3% lodging tax has been huge over the years, especially in our earlier years, trying to improve our occupancy of our cabins, with a small budget; besides keeping our community competitive and on a fair playing field, with other Resort areas in the Midwest, and especially with our Canadian Neighbors, that share the Lake with us.

Resorts in general, smaller ones, new ownership, and the community that is employed all have other businesses directly dependent on the Tourist Industry, will struggle without Lodging Tax dollars.

Please help our small community stay growing and hold onto our ability to reach out to the public to consider Lake/Woods (Minnesota) as a vacation destination!

Thank You; Nick & Deanna Painovich M. Painovich
Zippel Bay Resort

Harn, Grady J.

Subject: FW: Lake of the Woods tourism bureau

From: Jerry's Manager <jerrysmanager@gmail.com>
Sent: Sunday, April 16, 2023 9:19 PM
To: Harn, Grady J. <gharn@larkinhoffman.com>
Cc: ed_a@co.lotw.mn.us
Subject: Lake of the Woods tourism bureau

This Message Is External to Larkin Hoffman.

To whom it may concern:

I'm writing this as an advocate for Lake of the Woods tourism bureau. I own Jerry's Restaurant at the Northwest Angle. The resort community at the Northwest Angle and islands has had vital support from Lake of the Woods tourism bureau and Joe Henry. Many guests staying at these resorts are also customers that visit Jerry's Restaurant. I believe without the support of Lake of the Woods tourism bureau and Joe Henry my business, resorts and other small businesses would suffer.

Regards,

Ryan Marvin

Harn, Grady J.

From: Info@sunsetlodgeresort.com
Sent: Sunday, April 16, 2023 8:41 PM
To: Harn, Grady J.
Cc: Joe Henry
Subject: Re: LOTW Tourism Bureau

This Message Is External to Larkin Hoffman.

To Whom it may concern,

Re: Lake of the Woods Tourism Bureau

On behalf of Sunset lodge owners and staff, we are disgusted to hear of the possibility of dissolving the Tourism Bureau. Lake of the Woods Tourism is an invaluable resource for Sunset Lodge and all businesses that operate specifically in the Northwest Angle.

Joe Henry is akin to having a full-time marketing person. I can't speak for all resorts in the Northwest Angle but almost all are family owned and operated and we simply could not afford to pay someone to do all that Joe accomplishes for us.

The tourism bureau's involvement in marketing our resorts and area as well as being involved in the conservation of Lake of the Woods cannot be matched. We find it hard to believe the action of removing Joe Henry from his position is even remotely within our best interest and find it truly short sighted.

Who would benefit from the dissolving of the tourism bureau? Large corporate enterprises that look to stomp out small, family-owned businesses? Is it in the best interest of the whole Lake of the Woods to see fewer people spending their money in our area? Is there another plan for any conservation efforts? This is all very concerning and frankly a slap in the face to all businesses that benefit from the LOTW Tourism Bureau's efforts. Please reconsider removing the funding for the bureau.

Sincerely,

Ronnie Davidson

Travis Palmquist

Samantha Palmquist

Harn, Grady J.

From: Joe Henry <joe.henry@lakeofthewoodsmn.com>
Sent: Sunday, April 16, 2023 7:00 PM
To: Harn, Grady J.
Subject: Fwd: Letter to Chair Rest and Senate Tax committee.

This Message Is External to Larkin Hoffman.

----- Forwarded message -----

From: Paul Johnson <paulj257@gmail.com>
Date: Thu, Apr 13, 2023 at 5:05 PM
Subject: Letter to Chair Rest and Senate Tax committee.
To: Joe Henry <Joe.Henry@lakeofthewoodsmn.com>

Paul Johnson
River Bend Resort and Walleye Inn
3343 Red Oak Rd NW
Baudette, MN 56623

April 13th, 2023

Dear Chair Rest and
Senate Tax Committee Members,

Re: Importance of Lake of the Woods Tourism to the resorts of Lake of Woods County

I am writing to emphasize the crucial role Lake of the Woods Tourism plays in supporting not only our local economy but also the cultural and environmental vitality of the resorts within Lake of the Woods County. As a passionate resort owner and advocate for our region's tourism, I believe it is essential for the Chair Rest and the Senate Tax Committee Members to grasp the profound impact your decisions can have on preserving and promoting our beautiful waters and its surrounding resorts.

Lake of the Woods, as you may know, draws visitors from across the nation and the world for its unparalleled fishing, breathtaking natural beauty, and vibrant wildlife. The local resorts serve as an essential point of access and accommodation for these tourists, who often return year after year to experience the unique beauty and tranquility that the lake and county provides.

The success of the resorts in Lake of the Woods County is positively affected by the marketing attempts of our tourism organization. A strong tourism industry not only bolsters the local economy but also generates additional tax revenue, which, in turn, can be used to fund essential infrastructures, education, and healthcare services.

Thank you for your time, attention, and service. I am confident that your consideration of these matters will make a significant, positive difference for the entire Lake of the Woods County community.

Sincerely,

Paul Johnson



ANGLE OUTPOST RESORT
8206 DAWSON RD NW ANGLE INLET, MN 56711
218.223.8101

April 15, 2023

The Hon. Ann Rest
75 Rev. Dr. martin Luther King Jr. Blvd.
Capitol, Room 328
St. Paul, MN 55155

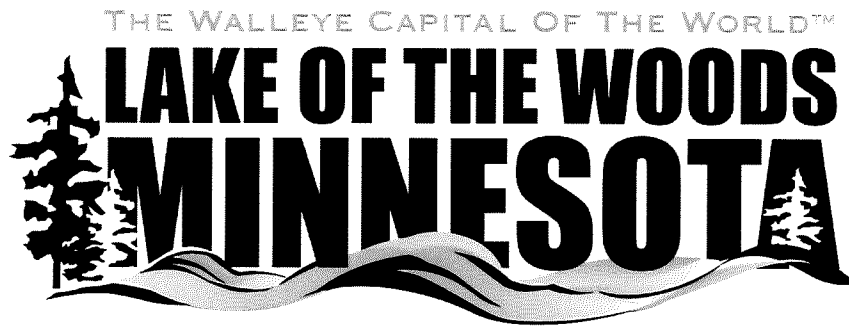
Dear Chair Rest and Senate Tax Committee Members,

Our family-run fishing resort has been in business since 1957. The Lake of the Woods Tourism Bureau is a supporting structure and vital component of our success for two main reasons.

First, they facilitate communications with local, state, and federal government agencies, as well as internationally with Canadian government agencies. Second, The Lake of the Woods Tourism Bureau provides essential and accurate information to our guests with respect to travel, fishing, and border crossing regulations. Having the trustworthy and professional intercession and representation of the bureau has freed us up to put our energy and time into running and operating our business.

Sincerely,

Lisa and Jason Goulet
Owners, Angle Outpost Resort



Lake of the Woods Tourism

Destination Marketing Organization (DMO) for all of Lake of the Woods County founded in 1989

Mission: The Lake of the Woods Area Tourism Bureau was formed to promote the Lake of the Woods Area, attract tourism/ related business, and enhance and contribute to the overall ideal economic stability and well-being of the Lake of the Woods County.

Goal Statement: It is the goal of the Lake of the Woods Area Tourism Bureau to develop the most effective marketing plan to promote the Lake of the Woods Area, and be a widely known and visited destination.

Halo Effect: Tourism promotion campaigns create a 'halo effect,' lifting not only visitorship but driving business development, real estate sales, purchase of second homes and new residents.

Tourism is #1 Industry in Lake of the Woods County

Annual Economic Impact in LOW County: \$107.1M

Annual Lodging in County: \$15.3M

Annual Lodging Tax: \$460k

Lodging facilities: 68

Rainy River, South Shore, NW Angle: 65

City of Baudette: 3

Awards

2022... Executive Director Joe Henry, Tourism Professional of the Year (Explore MN Tourism)

2019... Excellence in Marketing Award, Niche Targeting (Explore MN Tourism)

2019... New Event of the Year, The World Ploughing Contest (Explore MN Tourism)

2012... Award of Excellence, Travel Marketing (Explore MN Tourism)

Marketing and Promoting Lake of the Woods MN

A diverse marketing mix including TV, Radio, Print, Digital and Social

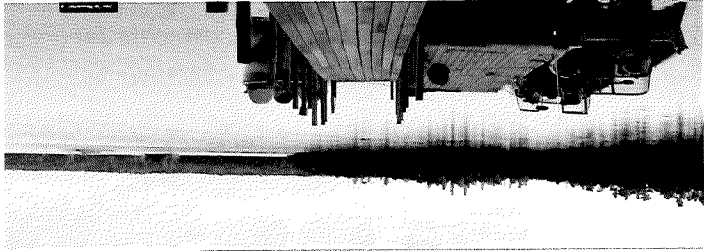
Website Stats...

LakeoftheWoodsMN.com

2022 Sessions... 651,084

2022 Users... 414,536

2022 Pageviews... 1,211,973



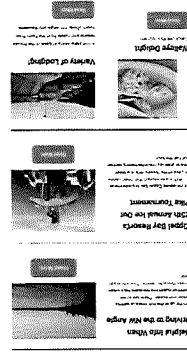
Weekly Lake of the Woods Tourism Newsletter...

4.35M emails delivered in past 12 months

Send to 70,200 weekly subscribers

Includes updated fishing report, three articles about the area and an outdoors

recipe



Lake of the Woods Tourism Visitor Guides...

Print and distribute approx. 20,000 guides per year



Sportshows...

Promote,

educate and

distribute info to potential visitors about Lake of the Woods Area.

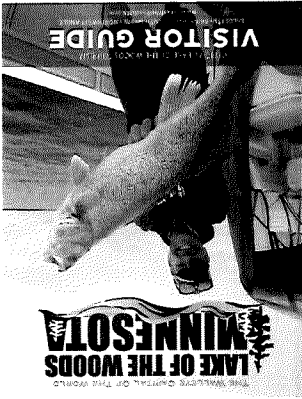
-St. Paul Ice Fishing Show

-Chicagoland, Schaumburg, IL

-St. Cloud

-Fargo

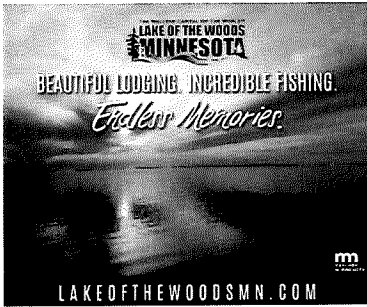
-Sioux Falls



VISITOR GUIDE

LAKE OF THE WOODS MINNESOTA

Diverse Digital Marketing Strategy...



-Impression campaigns for awareness and branding

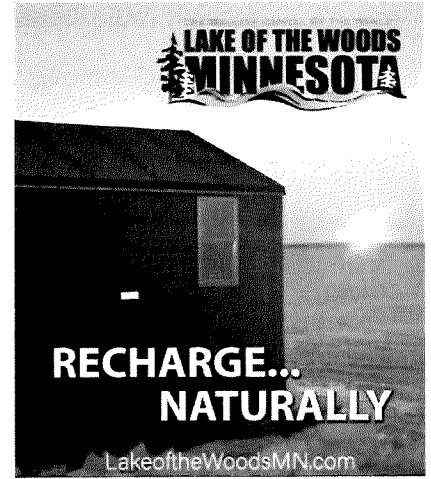
-Click through campaigns driving travelers to website

-Social Media campaigns in Facebook, Instagram, YouTube

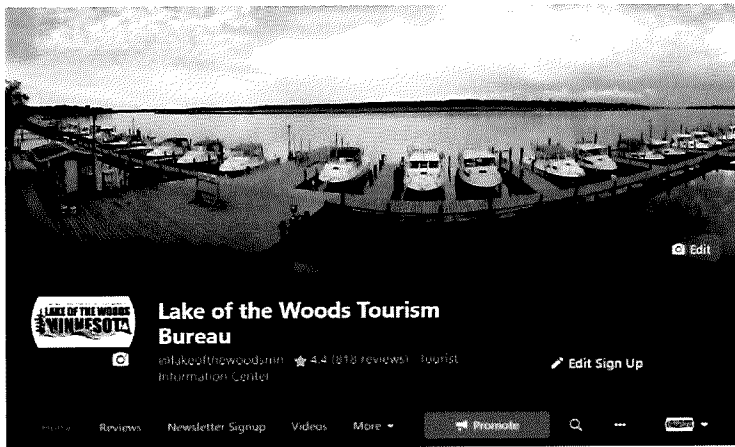
-Retargeting, following those who expressed interest by visiting website

-Native Advertising, imitate the editorial flow of the page

-CTV, connected TV such as Hulu, Sling and YouTube TV



Active Social Media



Facebook...

Followers... 134,097

QTR 1, 2022 Reach... 4,200,000

Instagram...

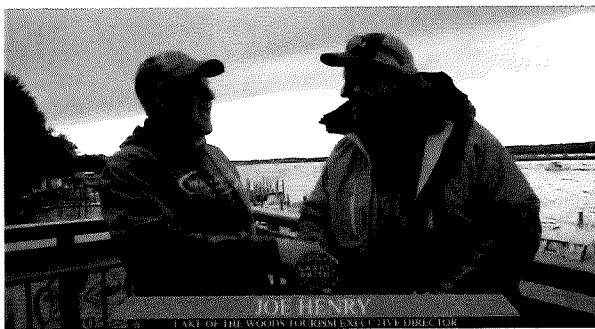
Followers... 6,700

2022 Reach... 5,106,236

YouTube...

2022. 279,100 views

Television Shows... Sharing the Lake of the Woods Story



Consistent Earned and Paid Media...

Weekly radio shows

Monthly TV shows

Monthly published articles

Events



-Numerous Fishing Tournaments,
National Walleye Tour, AIM, MN
Tournament Trail, MWC, NABC
-2019 World Ploughing Contest,
competitors from 30 countries,
strong agricultural audience,
reached over 1M people

-Pay It Forward. Annual Veteran's Event

-Association of Great Lakes Outdoor Writers Annual Conference

Print

A mix of print ads influencing travelers from a variety of markets with demographics whom are most likely to visit the area.



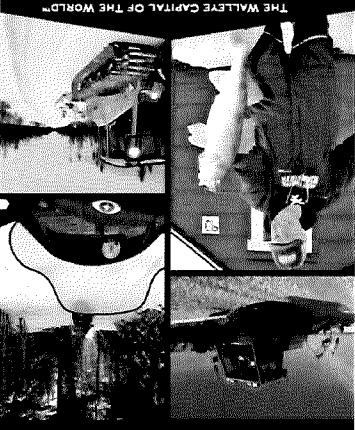
LAKE OF THE WOODS MINNESOTA
THE WALLEYE CAPITAL OF THE WORLD™
LAKE OF THE WOODS, RAINY RIVER AND NW ANGLE
CHARTER BOATS AND GUIDES
HEATED FISH HOUSES AND GREENER FISH HOUSES
WIDE VARIETY OF BARS AND RESTAURANTS

FOUR SEASONS OF WORLD CLASS FISHING
OVER 60 LODGING OPTIONS
CAMPING TO FULL SERVICE, MODERN ACCOMMODATIONS
LAKE OF THE WOODS, RAINY RIVER AND NW ANGLE
CHARTER BOATS AND GUIDES
HEATED FISH HOUSES AND GREENER FISH HOUSES
WIDE VARIETY OF BARS AND RESTAURANTS

ALL ARE WELCOME HERE

LAKE OF THE WOODS MINNESOTA
THE WALLEYE CAPITAL OF THE WORLD™
LAKEOFTHEWOODSMN.COM

Beautiful Trails.
Low Traffic.
Extended Season.

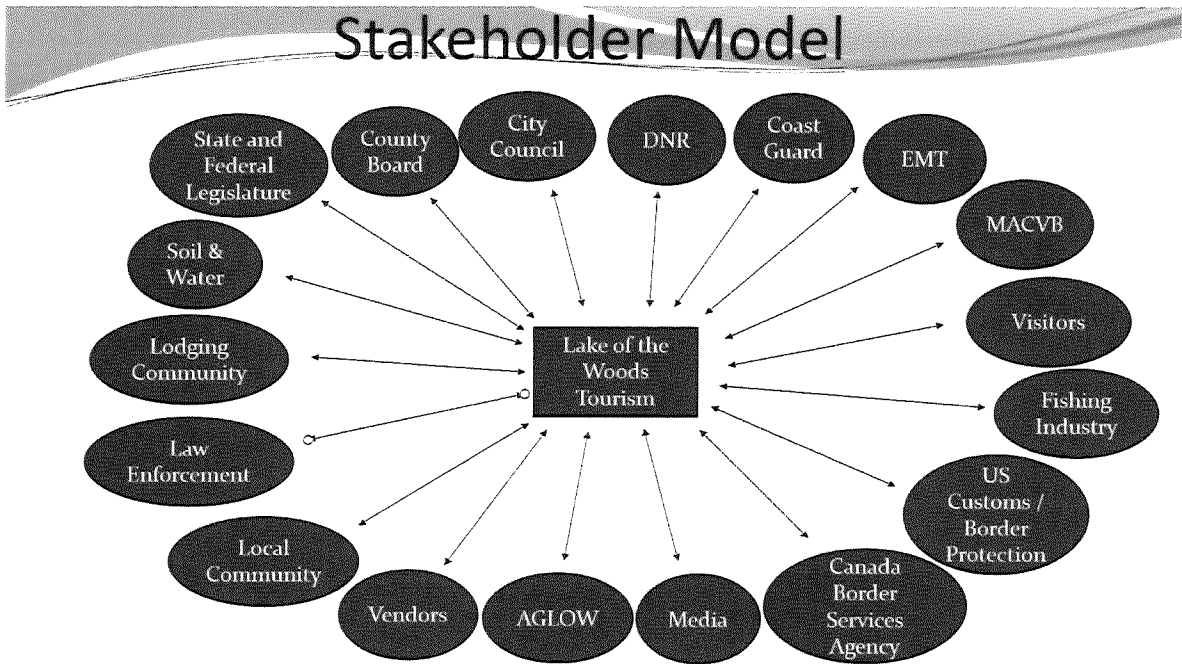


LAKE OF THE WOODS MINNESOTA
THE WALLEYE CAPITAL OF THE WORLD™
Explore hundreds of miles of groomed trails,
Excellent ice fishing, fun resorts, Northern MN beauty,
LakeoftheWoodsMN.com



Lake of the Woods Tourism Stakeholder Model... Instrumental for Entire Community / Region

Mutually beneficial and influential relationships with those who impact our lodging community and entire region significantly makes an important difference for lodging community and others.





April 14, 2023

Dear Chair Rest and Members of the Senate Taxes Committee:

Metro Cities, representing the collective interests of cities in the metropolitan area, appreciates the opportunity to comment on SF 73 (Port) as it is considered by the Senate Taxes Committee on Monday.

Metro Cities has specific concerns with the bill related to its impacts on local budgets, and the ability of local governments to implement and enforce state laws.

Cities should share in revenues from taxation on cannabis products or be authorized to tax cannabis sales locally. SF 73 must recognize the additional financial and staffing pressures adult-use cannabis legalization will put on cities and local law enforcement, as is the case when local governments are responsible for implementing and enforcing state laws.

SF 73 requires local governments to register cannabis businesses if they have been licensed by the state and have met certain other requirements and requires local governments to conduct compliance checks for every cannabis and hemp business with retail registrations. This responsibility puts increased demands on cost-burdened local budgets. Costs will be especially burdensome for small cities and cities bordering states where adult-use cannabis is illegal.

Without funding for local governments, Minnesota will be an outlier among states that have legalized adult-use cannabis.

Metro Cities supports the requirement that the Office of Cannabis Management conduct an annual report that includes information on recommended funding levels for peace officer training. Even if this legislation is successful in eliminating the illicit market, local resources will be required to respond to new challenges such as increased rates of impaired driving, unlicensed or out of compliance retailers, and nuisance complaints from residents.

Thank you for your consideration of this letter. Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads 'Michael Lund'. The signature is written in a cursive, flowing style.

Mike Lund
Government Relations Specialist
Metro Cities



April 16, 2023

Chair Rest and Members of the Taxes Committee,

We are writing on behalf of the League of Minnesota Cities to provide comments on the tax provisions within SF 73, to legalize adult-use cannabis. Throughout session cities have been invested in this bill as it relates to the role of local governments in the regulatory framework of the adult-use cannabis industry. While we greatly appreciate the amendments that have been previously adopted to provide cities with local zoning authority and local registrations for certain cannabis businesses, the bill does not currently provide any funding for cities to assist with the expected costs associated with the industry.

As we have seen from other states, the legalization of adult-use cannabis will increase city costs in several ways:

- The illicit cannabis market will continue to be an ongoing challenge for local law enforcement and likely increase as legal states are often targeted by the illicit market. Combating this organized crime will take significant resources from local law enforcement.
- While prosecutions for marijuana possession will be eliminated, currently the vast majority of marijuana prosecutions are related to DUIs, not possession. These cases are costly and time consuming for local governments and will likely increase as a result of this bill.
- Other states have struggled to mitigate “pop-up” cannabis markets and dealing with unlicensed retailers, in addition to illegal cultivation on public lands.
- The ability to home-cultivate cannabis is expected to create nuisance complaints, contribute to the illicit market, and in some instances create blighted properties.

We share these concerns, not in opposition to the legalization of adult-use cannabis, but in recognition that there will be significant impacts to cities with this new industry. Under this proposal, local governments would not receive any revenue from the proposed gross receipts tax, which would make Minnesota the only state with legalized adult-use cannabis that does not provide either taxing authority or cannabis revenue to local jurisdictions to respond to these challenges. Below is a table that shows the various local taxing authorities or dedicated funds in every other state with legalized adult-use cannabis.

The League strongly believes that the legislature should dedicate 25% of the gross receipts tax revenue to local governments to assist with costs associated with the adult-use cannabis industry. Without providing local governments with resources to manage these new challenges, this proposal is not setting our communities up for success in ensuring a safe and responsible ushering-in of the adult-use cannabis industry. Dedicating revenue to local governments will better address the intent to offset new costs that the legal cannabis market will create without increasing the price of the product.

We greatly appreciate Senator Port’s ongoing willingness to work with local governments on these provisions and look forward to continuing to work together as the bill advances.

Sincerely,

A handwritten signature in black ink that reads "Alex Hassel".

Alex Hassel
Intergovernmental Relations Representative

A handwritten signature in black ink that reads "Nathan Jesson".

Nathan Jesson
Intergovernmental Relations Representative

State	Tax Type	Rate	Local Cannabis Tax?	Local Rate?	Local Dedication?
Alaska	Weight	\$50 per oz	Yes	Percentage or weight	No
Arizona	Sales	16%	No	None	33% to community colleges, 31.4% local law enforcement & fire departments, 25.4% to state & local transportation programs
California	Sales	15%	Yes	14%	20% State and local government law enforcement account
Colorado	Weight & Sales	15% and 15%	No	None	67% of weight tax transferred to local governments, 100% of cannabis sales tax to public school construction fund
Connecticut	Potency	2.75c per mg of THC	Yes	3%	No
Illinois	Excise & Potency	7% on cultivator gross receipts, 25% on THC > 35%.	Yes	6%	8% transfers to local governments
Maine	Weight & Sales	\$335 per lb, 10% at final sale	No	None	50% law enforcement training programs
Massachusetts	Sales	10.75%	Yes	3%	Appropriations for municipal police training, public safety
Michigan	Sales	10%	No	None	30% transfers to cities & counties
Montana	Sales	20%	Yes	3%	Transfers to local governments
Nevada	Weight & Sales	15% and 10%	No	None	Appropriations for Education Programs
New Jersey	Weight	Up to \$60 per oz	Yes	2% on cultivators, distributors, and retailers	70% impact zone reinvestment to neighborhoods affected by prior cannabis laws
New Mexico	Sales	12%	No	None	Appropriations for public safety costs and 2% local government transfers

State	Tax Type	Rate	Local Cannabis Tax?	Local Rate?	Local Dedication?
New York	Sales & Potency	.5-3c per mg of THC & 9%	Yes	4%	40% to school districts
Oregon	Sales	17%	Yes	3%	40% for school districts & 20% transfers to local governments
Rhode Island	Sales	10%	Yes	3%	Appropriations for law enforcement training and support
Vermont	Sales	14%	No	None	100% for after school and summer learning programs
Virginia	Sales	21%	Yes	3%	40% for pre-k programs, 30% for communities affected by prior drug law enforcement
Washington	Sales	37%	No	None	4% transfers to local governments
MN Proposal	Sales	8%	No	None	None



April 17, 2023

Committee on Taxes
Minnesota Senate

Chair Rest and Members of the Committee on Taxes:

I am submitting this letter to voice our general support for Senate File 73, authored by Senator Port, but also voice serious concerns about any changes to the current taxation structure that would incentivize continuation of the illicit market.

Americans for Prosperity has no financial interest in the future market, nor are we funded by those with a financial interest. While our main goal is to end what we believe is a failed and destructive approach to cannabis, we are working across the country to ensure that states that want to adopt either a medical or adult-use cannabis market do so in a manner that most effectively allows legal businesses to compete with the illicit market and ensures small businesses can thrive.

A vital component of achieving those goals is establishing an intentional tax rate. Consumers will continue to purchase products from their legacy providers if it can save them substantial sums of money.

We want to see Minnesota avoid the failures of other states, like California, which present a clear warning for the state's leaders. The illicit market has continued to thrive in that state given its excessive and complicated tax regimes and it is estimated that 75% of the cannabis sold in the state is still coming from illicit providers.

We have consistently called for members of the Senate and House to reduce the proposed tax created by the legislation and phase it in to allow new entrepreneurs to effectively establish themselves against illicit providers. The House decided to do the opposite and we urge the Senate not to follow its imprudent example.

We thank Senator Port for bringing this legislation forward, and respectfully urge your support of this bill.

Sincerely,

RaeAnna K. Buchholz
Legislative & Coalitions Director, Minnesota
Americans for Prosperity
rbuchholz@afphq.org

Americans for Prosperity, Minnesota
<https://americansforprosperity.org/state/minnesota/>

To: Interested Parties

From: Minnesota Hemp Growers Cooperative

Date: April 11, 2023

Subject: Setting the Record Straight on False Claims About H.F.100/S.F.73

The Minnesota Hemp Growers Cooperative (MHGC) is a member-driven organization dedicated to empowering and advocating for Minnesota's hemp industry by fostering collaboration with the local community, disseminating the latest research and best industrial hemp practices, and facilitating monthly meetings to connect ideas and share strategies on how we can build a better business practice and policy framework to support the growth of Minnesota's hemp industry.

The MHGC stands in full support of H.F.100/S.F.73, the adult-use cannabis legalization bill chief authored by Representative Zack Stephenson (DFL-Coon Rapids) and Senator Lindsey Port (DFL-Burnsville) that will end Minnesota's failed policy of cannabis prohibition, expunge the criminal records of some 60,000 Minnesotans convicted of nonviolent cannabis crimes, implement a reasonable regulatory framework that protects Minnesota's consumers, and create a craft industry that supports local small businesses and limits large corporate and out-of-state player involvement.

Thanks to the openness and engagement of the bill authors, and the hundreds of hours of policy dialogue facilitated by the MN is Ready campaign (of which the MHGC is a proud and active member), this legislation has been drafted and repeatedly amended with extensive input from diverse cannabis policy stakeholders—including local hemp farmers, hemp product manufacturers, and hemp product retailers who have been working closely with the bill authors to address the needs and nuances of the industry. There is still work to do before the bill's final passage, and we are continually engaging with stakeholders and the bill authors to address outstanding issues.

As such, the MHGC feels compelled to set the record straight on a number of patently false claims made by a small handful of industry players that, at best, display a lack of understanding of the legislation and, at worst, are intended to propagate misinformation:

False Claim: The bill disproportionately burdens hemp farmers and small businesses with complex licensing, regulations, fees, and taxes.

Truth:

- The bill does not impose *any* licensing, regulations, fees, or taxes on hemp farming, which the bill leaves fully under the purview of the Minnesota Department of Agriculture's industrial hemp program and the existing requirements of Minnesota Statutes Chapter 18K.
- The bill does create licensing requirements for manufacturing and retailing hemp-derived THC edible products; however, these licensing requirements are significantly less stringent than those imposed on higher-potency THC products derived from marijuana and allow for hemp-derived THC edible products to continue to be sold in restaurants, bars, taprooms, grocery stores, and other retail establishments where marijuana-derived products will be prohibited.
- By creating separate licensing categories and requirements for hemp-derived products, the bill protects the ability of businesses manufacturing, distributing, and selling these products to maintain their eligibility to deduct their business expenses under Section 280E of the federal tax code.

False Claim: The bill violates the dormant commerce clause and unfairly restricts the ability of Minnesota hemp businesses to move hemp across state lines.

Truth: The bill does not impose any restrictions on the interstate movement or commerce of hemp or hemp products *except* in the case of hemp-derived ingredients or finished hemp-derived products that are intended to be consumed as edible products. This is not a violation of the dormant commerce clause because hemp-derived ingredients are not approved as food ingredients by the U.S. Food and Drug Administration and, as such, are not federally legally for that use. Restricting the importation of hemp-derived ingredients or finished hemp-derived products that are intended to be consumed as edible products protects Minnesota hemp farmers and product manufacturers by reducing the amount of out-of-state hemp-derived products that will be dumped into Minnesota, which remains the most robust and open market for these products in the nation.

False Claim: The bill shuts down sales of hemp-derived products, including full-spectrum CBD oil, on July 1, 2023 until the new regulatory agency and rules are set up.

Truth: These are issues with the current drafting of the bill that the authors have acknowledged and have prepared amendment language to correct.

False Claim: The bill prohibits hemp businesses from vertically integrating.

Truth: There is nothing in the bill that prohibits hemp businesses from vertically integrating.

False Claim: The bill prohibits hemp businesses from expanding into the adult-use market.

Truth: There is nothing in the bill that prohibits hemp businesses from expanding into the adult-use market so long as the business applies for and is awarded an adult-use license.

Although there is work yet to be done, we are confident that with continued conversation and collaboration, we can address final changes that should be made to the bill. We look forward to Minnesota legalizing a comprehensive, fair, and accessible cannabis industry and intend to remain at the table throughout this legislative session and beyond as advocates, business owners, and Minnesotans who believe our state can advance the best cannabis bill in the country.