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City of Duluth - Communications Office

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SUBJECT: Duluth City Council Passes Airbnb Tax Agreement

BY: Pakou Ly, Communications Office

Duluth City Council Passes Airbnb Tax Agreement

DULUTH, MN – The Duluth City Council passed a resolution Monday evening authorizing the Mayor and Chief Financial Officer to enter into what would be a historic tax collection agreement with Airbnb, the world’s leading community-driven hospitality company. Once signed, the tax agreement allows the company to collect tourist taxes on behalf of its Duluth hosts and remit the revenue directly to the City.

With the tax agreement in place, Duluth will fully benefit from people visiting the city and staying longer through home sharing. Effective June 1, Airbnb will automatically collect and remit the Duluth Lodging Tax (3%) for taxable bookings, making the process seamless and easy for local Airbnb hosts.

“This agreement will level the playing field for hosts using the Airbnb platform and lessen the City’s administrative burden for assuring tax collection compliance,” said Duluth’s Chief Financial Officer, Wayne Parson. “More importantly, hosts using the Airbnb platform will have their administrative burden lessened by not having to file collection reports and remit tax collections directly with the City. I consider this a win-win scenario for all involved.”

Collecting and remitting hotel taxes can be incredibly complicated. The rules were designed for traditional hospitality providers and large hotel corporations with teams of lawyers and accountants. For this reason, Airbnb has [partnered with hundreds local governments throughout the U.S.](#) to collect and remit taxes, making the process seamless and easy for hosts to pay their fair share while contributing new revenue for local governments.

While Airbnb has over 370 tax partnerships in the U.S., this represents Airbnb’s first tax agreement in the state of Minnesota. That now makes 42 states -- plus Puerto Rico and Washington D.C. -- where Airbnb has at least one tax partnership with a local government.

“We believe this partnership will unlock significant new revenue for Duluth moving forward,” said Laura Spanjian, Midwest policy director for Airbnb. “We hope this agreement can serve as a model for other Minnesota municipalities looking to take full economic advantage of the sharing economy.”

In 2017, Duluth Airbnb hosts welcomed over 9,500 guest arrivals to the city. And recent data indicates that Airbnb and its host community appear to be complementing -- rather than competing with -- the Duluth hotel industry. This suggests that Airbnb is opening up the city to a new slice of prospective tourists by catering to travelers’ diverse needs, those less able to afford hotels, those who desire to stay in neighborhoods that lack hotels, or families who prefer to be together under one roof.

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