REQUEST FOR COUNCIL ACTION

MEETING DATE: February 7, 2022

PREPARED BY: Brett Angell, Economic Development Manager

AGENDA ITEM: Lodging tax agreement between the City of Maple Grove and Maple Grove Tourism

PREVIOUS ACTIONS:
None

RECOMMENDED COUNCIL ACTION:
Motion to approve the lodging tax agreement between the City of Maple Grove and Maple Grove Tourism.

COMMENTS:
In 2020, the city informed Minneapolis Northwest of an intent to withdraw from the organization. Minneapolis Northwest provided the tourism and marketing services for the community. In 2021, the city made the decision to move forward with the creation of a new Maple Grove-only destination marketing organization. Since that time, the new DMO (Maple Grove Tourism dba Experience Maple Grove) has been created as a 501c6 non-profit corporation. Experience Maple Grove is in the early stages but has established a board of directors, hired an interim president, and has approved its articles of incorporation and bylaws.

The city collects a 3% lodging tax from hotels within the city. Per state statute, this tax must be used for the marketing and tourism services of the city. The proposed lodging tax agreement would lead to 95% of the lodging tax received by the city to go to Experience Maple Grove to fund the organization to provide tourism services for the city. The remaining 5% would be retained by the city for administrative expenses.

The proposed lodging tax agreement includes language which requires quarterly reports to be provided to the city by the organization, as well as an annual presentation by the organization to the City Council. The annual budget for the organization is required to be sent to the City Council for review and an annual audit is required.

The proposed agreement was discussed and approved at the January 21 Experience Maple Grove board meeting. Upon approval of the agreement by the City Council, the first payment to the organization would occur in early March 2022.

ATTACHMENTS:
Attachment A: Lodging tax agreement