

Minnesota revenue notice

Revenue Notice # 91-21 Motor Vehicle Rental Tax

(Update: Revenue Notice #91-21 has been revoked by Revenue Notice #98-22.)

The 1991 legislature imposed a \$7.50 tax on the rental of vans, pickup trucks, and passenger automobiles, Minn. Stat. § 297A.135. The statute provides that the tax is imposed upon rentals of a daily or weekly basis.

The Department has taken the position that when a van, pickup truck, or passenger automobile is rented on an hourly or monthly basis, those rentals are not subject to this tax. A rental will be considered "hourly" when the rental period is based on the number of hours the vehicle is used, and the total hours used are less than 24. A rental will be considered "monthly" if the lease term is longer than 28 days. A rental will be considered "daily or weekly" if the lease term is for a 24 hour period or more, even if the vehicle is returned in less than 24 hours.

Michael E. Boekhaus
Director, Appeals and Legal Services

Dated: December 16, 1991

TKS