



News Release

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Department of Revenue combats motor vehicle sales tax evasion; reminds Minnesotans to register vehicles

ST. PAUL – The Minnesota Department of Revenue reminds Minnesota residents that motor vehicles they purchase, including recreational vehicles, must be registered in Minnesota and are subject to the state’s 6.5% motor vehicle sales tax. This rule applies regardless of where the vehicle was purchased.

“Most Minnesotans abide by our tax laws when purchasing motor vehicles in Minnesota or elsewhere,” said Revenue Commissioner Cynthia Bauerly. “We’ve had continued success working with our partners in law enforcement in Minnesota and other states to investigate and charge Minnesota residents who are evading taxes they owe on their motor vehicle purchases.”

In 2010, the department launched a project in collaboration with the Minnesota State Patrol Vehicle Crimes Unit, the Ramsey County Attorney’s Office, and the Department of Public Safety to combat a growing trend of motor vehicle sales tax evasion, especially in the purchase of recreational vehicles (RVs). Minnesota residents would set up shell corporations in Montana (in these cases, limited liability companies, LLCs) in an attempt to evade paying sales tax on high end recreational vehicles. They would purchase and register the RVs in Montana, evading Minnesota taxes. Because this scheme violates Minnesota law, any Minnesota resident evading the motor vehicle sales tax could face gross misdemeanor or felony criminal charges, in addition to paying the sales tax, penalty and interest.

The department recently worked with the Ramsey County Attorney’s Office to investigate and charge Jacob Leroy Warren with two counts of evading motor vehicle sales tax. According to documents filed with the Ramsey County District Court, Mr. Warren failed to appear for sentencing related to his plea agreement and was apprehended by police in Florida. The complaint states that he was extradited back to Minnesota to face tax evasion charges. According to the Ramsey County Attorney’s Office, Mr. Warren pleaded guilty to one of the tax-related charges and was sentenced in August.

Since the project started in 2010, the department has closed more than 80 cases and collected over \$1.1 million in taxes, penalties, and interest.

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Those who have not paid taxes on a motor vehicle or recreational vehicle should contact the Minnesota Department of Revenue at 651-556-6684.

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