

MINNESOTA • REVENUE

MOTOR VEHICLE SALES TAX Dedication Changes

February 20, 2002

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 3009 (Olson) / S.F. 2901 (Bachmann)

	<u>Revenue Gain or (Loss)</u>			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>
	(000's)			
General Fund				
Undedicated Motor Vehicle Sales Tax	\$0	(\$276,710)	(\$276,340)	(\$284,660)
Metro Area Transit Operations Account	\$0	\$0	(\$12,490)	(\$12,860)
Total General Fund	\$0	(\$276,710)	(\$288,830)	(\$297,520)
Metro Area Transit Fund	\$0	(\$122,650)	(\$128,020)	(\$131,880)
Greater Minnesota Transit Fund	\$0	(\$7,480)	(\$7,810)	(\$8,040)
Highway User Tax Distribution Fund	\$0	\$406,840	\$424,660	\$437,440

Effective July 1, 2002

EXPLANATION OF THE BILL

Current Law: The Motor Vehicle Sales Tax has dedications to four funds or accounts in the future (see list) with the balance of the Motor Vehicle Sales Tax being general fund non-dedicated revenues.

- 1) 32% to the HUTDF for fiscal year 2003 and beyond,
- 2) 20.5% to the Metro Area Transit Fund for fiscal year 2003 and beyond,
- 3) 1.25% to the Greater MN Transit Fund for fiscal year 2003 and beyond, and
- 4) 2.0% to the Metro Area Transit Operations Account for FY 2004 and beyond
(these are general fund dedicated revenues).

Proposed Law: The proposal is to dedicate all funds from the Motor Vehicle Sales Tax to the Highway User Tax Distribution Fund.

REVENUE ANALYSIS DETAIL

- Collections estimates for the Motor Vehicle Sales Tax are taken from the Department of Finance November forecast.

Source: Minnesota Department of Revenue
Tax Research Division
<http://www.taxes.state.mn.us/polic.html#analyses>