

**Motor Vehicle Sales Tax  
Disposition  
Metropolitan Area Sales/Excise Tax**

April 24, 2001

	<b>Yes</b>	<b>No</b>
Separate Official Fiscal Note Requested		
<b>Fiscal Impact</b>		
DOR Administrative Costs/Savings		

Department of Revenue  
Analysis of S.F. 2340 (Dean Johnson) Article 4, Tax Provisions Only, As Amended April 23, 2001

	<b>Revenue Gain or (Loss)</b>			
	<b><u>F.Y. 2002</u></b>	<b><u>F.Y. 2003</u></b>	<b><u>F.Y. 2004</u></b>	<b><u>FY2005</u></b>
		(000's)		
General Fund	\$0	\$0	(\$105,800)	(\$108,900)
Transit Assistance Fund	\$0	\$0	\$105,800	\$108,900

Dedication of motor vehicle sales tax effective July 1, 2003.  
The metropolitan area taxes, if approved by the voters, would be effective July 1, 2002.

**EXPLANATION OF THE BILL**

Under current law, all of the proceeds from the motor vehicle sales tax are deposited in the general fund through June 30, 2002. Beginning with July 1, 2002, 32% of the proceeds are deposited in the highway user distribution tax fund, and the remaining 68% goes to the general fund.

Under the proposal, 18% of the motor vehicle sales tax would be deposited in the transit assistance fund, beginning July 1, 2003. The general fund portion would then be 50%.

The bill authorizes the imposition of a general sales and use tax of up to 0.5% in the metropolitan transportation area, subject to the approval of a majority of voters in the area in November 2001. The bill also authorizes an excise tax of up to \$20 per motor vehicle sold at retail within the area, subject to approval of the voters in November 2001. The bill specifies the purposes for which the revenues would be used.

**REVENUE ANALYSIS DETAIL**

- The dedication of 18% of the motor vehicle sales tax was based on the February 2001 forecast of revenues by the Department of Finance.
- In fiscal year 2004, a 0.5% general sales and use tax in the metropolitan area would yield an estimated \$203 million, and a \$20 tax per vehicle sold at retail would yield about \$10.5 million.

**ADMINISTRATIVE/OPERATIONAL IMPACT**

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

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