

MINNESOTA • REVENUE

MOTOR VEHICLE SALES TAX Dedication Changes

March 25, 2004

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

Department of Revenue
Analysis of H.F. 3141 (Kuisle), Section 5 only

	Revenue Gain or (Loss)			
	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>
		(000's)		
Metropolitan Area Transit Fund	\$0	(\$3,977)	(\$2,515)	(\$11,975)
Greater Minnesota Transit Fund	\$0	(\$264)	(\$167)	(\$796)
General Fund	\$0	\$4,241	\$2,682	\$12,771

Effective the day following final enactment.

EXPLANATION OF THE BILL

Current Law: The sales of motor vehicles are generally subject to the motor vehicle sales tax. The statutory dedication of motor vehicle sales tax revenues provides for deposits into several funds. For fiscal years 2004 through 2007, the dedication is 30% to the Highway User Tax Distribution Fund, 21.5% to the Metropolitan Area Transit Fund, 1.43% to the Greater Minnesota Transit Fund, 0.65% to the County State-Aid Highway Fund, 0.17% to the Municipal State-Aid Street Fund, with the remaining amount (46.25%) to the General Fund. Dedication percentages vary somewhat for fiscal year 2008 and beyond.

Proposed Law: The bill would set the dedication amounts to the Metropolitan Area Transit Fund and the Greater Minnesota Transit Fund equal the amounts that would have been realized by the percentage dedications for each fund for fiscal year 2004. These amounts would be held constant for fiscal years 2004 forward for both funds. The effect is to increase the remaining amount that is dedicated to the General Fund.

REVENUE ANALYSIS DETAIL

- Baseline revenues from the February 2004 forecast were used.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy