

MINNESOTA • REVENUE

MOTOR VEHICLE SALES TAX Dedication Changes

March 29, 2004

Department of Revenue
Analysis of S.F. 2980 (Dibble) / H.F.3124 (Hornstein)

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

	<u>Revenue Gain or (Loss)</u>			
	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>
		(000's)		
Highway User Tax Distribution Fund	\$0	(\$17,700)	(\$17,500)	(\$18,700)
Metropolitan Area Transit Fund	\$0	\$11,800	\$11,700	\$12,500
Greater Minnesota Transit Fund	\$0	\$700	\$700	\$800
County State-Aid Highway Fund	\$0	\$4,100	\$4,000	\$4,300
Municipal State-Aid Street Fund	\$0	\$1,100	\$1,100	\$1,100

Effective July 1, 2004.

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 adjust the current percentage fund dedications for fiscal year 2005-2007 and would keep the percentages the same for fiscal year 2008 and beyond. The new dedication amounts would be 27.18% to the Highway User Tax Distribution Fund, 23.38% to the Metropolitan Area Transit Fund, 1.55% to the Greater Minnesota Transit Fund, 1.30% to the County State-Aid Highway Fund, and 0.34% to the Municipal State-Aid Street Fund. The dedication of the remaining amount to the General Fund would remain the same (46.25%).

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