

MINNESOTA • REVENUE

MOTOR FUELS EXCISE TAX Disposition Change – All Terrain Vehicles

April 4, 2006

Department of Revenue
Analysis of S.F. 3455 (Bakk) / H.F. 3482 (Hackbarth)

	Yes	No
DOR Administrative Costs/Savings		X

	Fund Impact			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
Natural Resources Fund	\$0	\$630	\$640	\$650
Highway User Tax Distribution Fund	\$0	(\$630)	(\$640)	(\$650)

Effective date assumed to be July 1, 2006.

EXPLANATION OF THE BILL

Current Law: The state constitution requires excise taxes on highway fuels to be paid to the Highway User Tax Distribution Fund. The statutes specify percentages that are deemed to be for non-highway uses of gasoline for boat, forest road, snowmobile, all terrain vehicle, and off-road vehicle usage. The percentage specified in statute for all terrain vehicles is 0.15% and these revenues are directed to the Natural Resources Fund.

Proposed Law: The motor fuels excise tax attributable to all terrain vehicle use would be increased from 0.15% to 0.27% of gasoline tax revenue.

REVENUE ANALYSIS DETAIL

- Information on gasoline tax collections, net of refunds, was received from the Department of Transportation (February 2006 DOT Budgetary Forecast).
- It is assumed that this change would go into effect on July 1, 2006, and that the transfer to the Natural Resources Fund in fiscal year 2007 would reflect a full year of collections.

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

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