

# MINNESOTA • REVENUE

## MOTOR FUELS EXCISE TAX All-terrain and Off-road Vehicles

April 17, 2006

Department of Revenue  
Analysis of S.F. 3462 (Marty)

	Yes	No
DOR Administrative Costs/Savings		X

	<u>Fund Impact</u>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
			(000's)	
Natural Resources Fund	\$0	(\$1,400)	(\$1,420)	(\$1,440)
Highway User Tax Distribution Fund	\$0	\$1,400	\$1,420	\$1,440

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%. The percentage specified for off-road vehicles is 0.164%. The revenues associated with all-terrain and off-road vehicles are directed to the Natural Resources Fund.

**Proposed Law:** The motor fuels excise tax attributable to all-terrain vehicle use would be reduced from 0.15% to 0.038% and for off-road vehicle use from 0.164% to 0.01%.

### 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](http://www.taxes.state.mn.us/taxes/legal_policy)