MOTOR FUELS EXCISE TAXES
Certain Transportation Programs

March 27, 2012

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 2321 (Gimse), Amendment SCS2321A14, Adopted March 27, 2012

	Fund Impact			
	F.Y. 2012	**F.Y. 2013**	**F.Y. 2014**	**F.Y. 2015**
		(000's)		
Highway User Tax Distribution Fund	($1,600)	($3,500)	($3,500)	($3,500)

Effective retroactive to January 1, 2012, for providers of transportation to recipients of medical assistance home and community-based services waivers programs.
Effective retroactive to January 1, 2011, for motor vehicles used exclusively as a mobile medical unit by a federally qualified health center.

EXPLANATION OF THE BILL

Currently, there is an excise tax of 25¢ per gallon and a debt service surcharge of 3¢ (to increase to 3.5¢ for fiscal year 2013 and subsequent years) on gasoline and special fuels. There are exemptions from the gasoline excise tax for specified transit providers receiving financial assistance or reimbursement from designated statutory programs.

The proposal would provide a gasoline and special fuels excise tax exemption to providers of transportation to recipients of medical assistance home and community-based services waivers enrolled in day programs, including adult day care, family adult day care, treatment and habilitation, prevocational services, and structured day services.

The proposal would also exempt gasoline and special fuels for motor vehicles used exclusively as a mobile medical unit for the provision of medical or dental services by a federally qualified health center.

Because the general sales and use tax generally applies to motor fuels exempt from the excise taxes, the proposal would also exempt these providers from the sales and use tax.

REVENUE ANALYSIS DETAIL

- Based on information from the Department of Human Services, it is estimated that 185 providers will be eligible for gasoline and special fuels excise tax refunds under the bill. This includes approximately 80 day training and habilitation providers (275 locations), 50 additional pre-vocational and structured day services providers, 40 adult day care providers, 12 adult family day care providers, and 3 federally qualified health centers with mobile units.

REVENUE ANALYSIS DETAIL (Cont.)

- Information from the Minnesota Department of Revenue, Petroleum Division, indicates that the average annual refund per provider will be $18,800 (at the fuels tax rate of 28.5¢) in fiscal year 2013. This estimate is based on information for approximately 80 day training and habilitation service providers from calendar year 2011.
- It is assumed that the average annual refund claims amount of $18,800 will be similar for the 105 additional providers.
- The fiscal year 2012 impact is for 5 months of refund claims for providers of transportation to recipients of medical assistance home and community-based services waivers programs and 17 months of refunds for motor vehicles used exclusively as a mobile medical unit by a federally qualified health center.

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

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