MOTOR VEHICLE RENTAL TAX
Nonprofit Car Sharing Organizations

March 28, 2013

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 1080 (Davnie) / S.F.1065 (Marty)

	Fund Impact			
	F.Y. 2014	**F.Y. 2015**	**F.Y. 2016**	**F.Y. 2017**
		(000's)		
General Fund	($35)	($40)	($45)	($50)

Effective for sales and purchases made after June 30, 2013.

EXPLANATION OF THE BILL

Current Law: There is an additional tax of 6.2% on the rental of a car, van, or pick-up truck for less than 29 days.

Proposed Law: The proposal would provide an exemption from the 6.2% motor vehicle rental tax for vehicles of a nonprofit corporation or similar entity, consisting of members who pay for the use of a motor vehicle, if the organization: 1) owns or leases a fleet of vehicles that are subject to the 6.2% motor vehicle rental tax and that are available to members for use and priced on the basis of one hour intervals or less, 2) parks their vehicles at unstaffed, self-service locations that are accessible to their members at any time, and 3) maintains, insures, and purchases fuel for the vehicles.

REVENUE ANALYSIS DETAIL

- There is one nonprofit car sharing organization operating in Minnesota. HourCar is a nonprofit organization in the metro area operating 39 cars.
- It is assumed that HourCar meets all of the listed exemption requirements and will continue to meet them.
- Information from a representative of HourCar indicates that they paid $30,640 for the 6.2% car rental tax in calendar year 2012 and expect to pay about $34,900 in calendar year 2013.
- It is assumed that the amounts paid will increase by about 12% annually.
- Calendar year estimates were adjusted to fiscal year amounts. The estimate for fiscal year 2014 was adjusted to reflect eleven months of impact.

Source: Minnesota Department of Revenue
Tax Research Division
www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx

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