MINNESOTA · REVENUE

MOTOR VEHICLE RENTAL TAX
Repeal

March 26, 2013

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 1540 (McDonald)

	Fund Impact			
	F.Y. 2014	**F.Y. 2015**	**F.Y. 2016**	**F.Y. 2017**
		(000's)		
General Fund	($12,700)	($15,900)	($16,700)	($17,500)

Effective August 1, 2014.

EXPLANATION OF THE BILL

Current law imposes an additional tax of 6.2% on the rental of a car, van, or pick-up truck for less than 29 days. In 1994 the tax was changed from a $7.50 per rental to the current additional 6.2% tax on the rental charge.

The bill would repeal the 6.2% motor vehicle rental tax.

REVENUE ANALYSIS DETAIL

- Baseline revenues are from the February 2013 forecast for the 6.2% car rental forecast.
- The 6.2% car rental tax generated $14.2 million in FY 2012.
- The fiscal year 2014 estimate is adjusted based on ten months of collections.

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

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