

# MINNESOTA • REVENUE

## MOTOR VEHICLE SALES TAX Vehicle Titles – Transfer on Death

March 19, 2014

Department of Revenue  
Analysis of H.F. 1302 (Carlson) 1<sup>st</sup> Engrossment

	Yes	No
DOR Administrative Costs/Savings		X

	<u>Fund Impact</u>			
	<u>F.Y. 2014</u>	<u>F.Y. 2015</u>	<u>F.Y. 2016</u>	<u>F.Y. 2017</u>
All Funds	\$0	\$0	\$0	\$0

(000's)

Effective August 1, 2014.

### EXPLANATION OF THE BILL

**Current Law:** The motor vehicle sales tax is imposed at a rate of 6.5% on the purchase price of any motor vehicle required to be registered in Minnesota. A vehicle that is acquired by inheritance or by bequest of a decedent is exempt from the motor vehicle sales tax.

**Proposed Law:** The proposal would allow a motor vehicle to be titled in transfer-on-death form by including a beneficiary designation in the certificate of title. The listed beneficiary would have no interest in the motor vehicle until the death of the owner. The motor vehicle sales tax exemption for acquisition by inheritance or bequest of a decedent would be extended to include acquisition by transfer-on-death title.

### REVENUE ANALYSIS DETAIL

- The bill would affect the process for transferring a vehicle after the death of the owner in cases where the transfer-on-death designation had been made on the certificate of title.
- It is expected that vehicles affected by the proposal would be exempt from the motor vehicle sales tax under the current exemption for transfers of vehicles by inheritance or bequest. Therefore, there would be no revenue impact on any state fund.

Source: Minnesota Department of Revenue  
Tax Research Division  
[www.revenue.state.mn.us/research\\_stats/Pages/  
Revenue-Analyses.aspx](http://www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx)