

**HF4151 - 0 - Automobile theft prevention surcharge increased.**

Chief Author: **Ethan Cha**  
 Committee: **Commerce Finance And Policy**  
 Date Completed: **4/8/2024 8:55:11 AM**  
 Agency: **Revenue Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
<b>Local Fiscal Impact</b>		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Restrict Misc. Special Revenue	-	-	(4,356)	(4,356)	(4,356)	(4,356)
<b>Total</b>	-	-	<b>(4,356)</b>	<b>(4,356)</b>	<b>(4,356)</b>	<b>(4,356)</b>
<b>Biennial Total</b>			<b>(4,356)</b>			<b>(8,712)</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Restrict Misc. Special Revenue	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Joel Enders      **Date:** 4/8/2024 8:55:11 AM  
**Phone:** 651-284-6542      **Email:** joel.enders@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Restrict Misc. Special Revenue	-	-	(4,356)	(4,356)	(4,356)
<b>Total</b>	-	-	<b>(4,356)</b>	<b>(4,356)</b>	<b>(4,356)</b>
<b>Biennial Total</b>			<b>(4,356)</b>		<b>(8,712)</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
Restrict Misc. Special Revenue	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-
<b>2 - Revenues, Transfers In*</b>					
Restrict Misc. Special Revenue	-	-	4,356	4,356	4,356
<b>Total</b>	-	-	<b>4,356</b>	<b>4,356</b>	<b>4,356</b>
<b>Biennial Total</b>			<b>4,356</b>		<b>8,712</b>

**Bill Description**

HF 4151 increases the automobile theft prevention surcharge from the current rate of 50 cents to one dollar. The bill is effective July 1, 2024.

**Assumptions**

The Special Taxes Division assumes the administrative impact is minimal. There are no forms to update because insurance companies must file their surcharge electronically in e-Services. Our GenTax system, which is the Integrated Tax System, requires minor system update work and testing. A GovDelivery bulletin would need to be sent informing insurance taxpayers of the change. Minor updates to the website would also be required.

MNIT assumes the administrative impact is minimal. They will need to update the surcharge rate table for this tax type and the table change should flow to the GenTax return document, e-Services return, and audit manager. No long-term support is needed.

**Expenditure and/or Revenue Formula**

Special Taxes assumes the surcharge increase would generate roughly an additional \$4,356,237 annually in fee revenues beginning in FY25. This estimate is based on an average of surcharge revenues from the past three fiscal years, FY21-FY23. Surcharge revenues for those years are as follows:

FY21: \$4,367,777

FY22: \$4,117,321

FY23: \$4,583,612

**Fee Impact**

Fund	FY 2024	FY 2025	FY 2026	FY 2027
Restricted Miscellaneous Special Revenue Fund		\$4,356,237	\$4,356,237	\$4,356,237

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Note: This table uses whole numbers.

**Long-Term Fiscal Considerations**

N/A

**Local Fiscal Impact**

N/A

**References/Sources**

Agency staff provided information for this fiscal note.

I have reviewed the content of this fiscal note and believe it is a reasonable estimate of the expenditures and revenues associated with this proposed legislation.

**Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Chelsea Magadance

**Date:** 4/8/2024 8:38:19 AM

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