

Registration Tax Proposal Analysis

H2887DE1 Amendment

Proposal Summary

1	Structure	Current	Proposed	Change	Revenue (millions)	FY 24	FY 25	FY 24-25	FY 26	FY 27	FY 26-27
2	Tax rate	1.285%	1.950%	0.67%	Forecast:	873.6	908.6	1,782.2	944.9	982.7	1,927.7
3	Depreciation min.	\$25	\$20	(\$5)	Est. increase:	61.8	175.1	236.9	239.3	260.3	499.6
4	Flat amount	\$10	\$10	\$0	% Change:			13.3%			25.9%
5											
6	Minimum due	\$35	\$30	(\$5)							

Year of Vehicle Life

9	Depreciation Schedule	1	2	3	4	5	6	7	8	9	10	11+
10	Current	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	0%
11	Proposal	100%	90%	78%	60%	50%	34%	27%	18%	12%	6%	0%
12	Effective rate	1.95%	1.76%	1.52%	1.17%	0.98%	0.66%	0.53%	0.35%	0.23%	0.12%	

Example Scenarios - For Initial Registration in MN

Vehicle MSRP

Year of Vehicle Life

17	Component	1	2	3	4	5	6	7	8	9	10	11+
18	35,000											
19	Current law	\$460	\$415	\$370	\$325	\$280	\$235	\$190	\$145	\$100	\$55	\$35
20	Change for year one	\$233	\$209	\$173	\$95	\$71	\$7	\$4	(\$12)	(\$8)	(\$4)	(\$5)
21	Total due	\$693	\$624	\$542	\$420	\$351	\$242	\$194	\$133	\$92	\$51	\$30
22												
23	Change from current law	51%	51%	47%	29%	26%	3%	2%	-8%	-8%	-7%	-14%

40,000

26	Current law	\$524	\$473	\$421	\$370	\$318	\$267	\$216	\$164	\$113	\$61	\$35
27	Change for year one	\$266	\$239	\$197	\$108	\$82	\$8	\$5	(\$14)	(\$9)	(\$5)	(\$5)
28	Total due	\$790	\$712	\$618	\$478	\$400	\$275	\$221	\$150	\$104	\$57	\$30
29												
30	Change from current law	51%	51%	47%	29%	26%	3%	2%	-8%	-8%	-7%	-14%

46,000

33	Current law	\$601	\$542	\$483	\$424	\$365	\$306	\$246	\$187	\$128	\$69	\$35
34	Change for year one	\$306	\$275	\$227	\$124	\$94	\$9	\$6	(\$16)	(\$11)	(\$5)	(\$5)
35	Total due	\$907	\$817	\$710	\$548	\$459	\$315	\$252	\$171	\$118	\$64	\$30
36												
37	Change from current law	51%	51%	47%	29%	26%	3%	2%	-8%	-8%	-8%	-14%

Notes

- 40 Current formula is basically: (1) vehicle MSRP * tax rate * depreciation % for vehicle year, with a \$25 minimum; plus (2) \$10 flat amount
- 41 "Change for year one" shows impact only if it is the *initial* year a vehicle is registered in Minnesota (compared to current law)
- 42 Example scenarios do not show effects of hold harmless provision
- 43 Analysis does not show various transaction fees
- 44 Estimated revenue is based on MnDOT registration tax revenue estimator, Nov. 2022 forecast

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