

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H. F. 39

DATE: March 11, 1999

Version: First Engrossment

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Subject: Auto license tax reduction, motor vehicle sales tax dedication

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1 Auto license taxes. Reduces the rate of tax on passenger automobiles from 1.25 percent to one percent of base value.

Changes the schedule for depreciation of passenger autos for purposes of taxation:

Year of vehicle life Current Proposed

1 100% 100%

2 100% 90%

3 90% 80%

4 90% 70%

5 75% 60%

6 75% 50%

7 60% 40%

8 40% 30%

9 30% 20%

10 10% 10%

The minimum tax would continue to be \$35.

(The taxable base value is the value on which the 1.25 percent registration tax is imposed. The depreciation schedule spells out the percent of original taxable base value that is subject to the tax.)

2 Motor vehicle sales tax. Makes a statutory dedication of revenues from the motor vehicle sales tax:

General fund 50%

Transit assistance fund 20%

Highway user tax distribution fund 30%

Under present law all of this revenue goes to the general fund.

3 Constitutional amendment proposed. Proposes a constitutional amendment to require that at least 20 percent of the revenues from the motor vehicle sales tax be deposited in the transit assistance fund and 30 percent to the highway user tax distribution fund.

4 Submission to voters. Requires the constitutional amendment in section 3 to be placed on the ballot at the 2000 general election.

5 Effective date. Makes section 1 effective November 15, 1999, for registration year 2000 and subsequent years. Makes section 2 effective January 1, 2000.