— HOUSE RESEARCH — Bill Summary —

FILE NUMBER: Version:	H. F. 446 DATE: March 9, 1999 As Introduced
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Subject:	Auto license tax reduction, motor vehicle sales tax dedication
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Overview

This bill reduces automobile license taxes by stretching out the schedule by which taxable base value depreciates. It also dedicates 30 percent of motor vehicle sales tax revenue to the highway user tax distribution fund to make up for revenue lost from the license tax reduction, and another 20 percent of this revenue to the transit assistance fund. It proposes a constitutional amendment to make this dedication permanent after fiscal 2001. The auto license tax reduction would take effect for registration year 2001, unless the constitutional amendment does not pass at the 2000 general election.

Section

1 Auto license taxes. 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 revenue. Provides for the following allocation of revenue 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 (auto depreciation change) effective November 15, 2000, for registration year 2001 and subsequent years. Makes section 2 (motor vehicle sales tax dedication) effective January 1, 2001.

Provides that sections 1 and 2 will not take effect if the constitutional amendment fails to pass in 2000.