

HOUSE RESEARCH

Bill Summary

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Version: As Passed by Transportation Policy Committee
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Subject: Auto tax depreciation schedule, MVET dedication
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Overview

This bill contains the following transportation financing provisions

- Changing the depreciation schedule for taxation of passenger automobiles to provide for ten percent depreciation per year over ten years.
- Dedication of 30 percent of revenue from the motor vehicle sales tax (MVET) to the highway user tax distribution fund and 20 percent to the transit assistance fund. The remainder would continue to go to the general fund.
- A constitutional amendment to write the above dedication into the constitution. The tax change would not go into effect if the constitutional amendment is not adopted.

1 Auto license tax depreciation schedule. Changes the rate at which automobiles (including light pickups and vans) depreciate for purposes of taxation (the percentages are the percentages of the vehicle's base value on which the tax of 1.25 percent is applied):

Yr. of vehicle life Present 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%

Under both the present and proposed schedule autos in the 11th and subsequent year of life would be taxed at the minimum rate of \$35.

- 2 Motor vehicle sales tax.** Provides that 30 percent of revenues from the motor vehicle sales tax (MVET) be deposited in the highway user tax distribution fund, and 20 percent be deposited in the transit assistance fund (a fund for assisting metropolitan and Greater Minnesota public transit). Provides that the remaining 50 percent goes to the general fund. Under present law all of this revenue goes to the general fund.
- 3 Constitutional amendment.** Proposes a constitutional amendment to dedicate at least 30 percent of MVET revenues to the highway user tax distribution fund and at least 20 percent to a fund for public transit assistance.
- 4 Amendment submitted.** Provides for submission of the constitutional amendment to the people at the 2000 general election.
- 5 Effective date.** Makes section 1 effective November 15, 2000, for registration year 2001 and subsequent years. Makes section 2 effective January 1, 2001. Provides that if the constitutional amendment is not adopted at the 2000 election sections 1 and 2 do not take effect.