HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 710 **DATE:** February 16, 2015
Version: As introduced

Authors: Koznick and others

Subject: Motor vehicle lease sales tax allocation

Analyst: Matt Burress and Pat Dalton

This bill changes allocation of the 6.875 percent sales tax sales tax collected upfront on long-term motor vehicle rentals, so that starting in fiscal year 2016:

- 50 percent of the funds go to Greater Minnesota transit (distributed to transit providers by the Minnesota Department of Transportation); and
- 50 percent goes to the county state aid highway fund for the Twin Cities metropolitan area "collar counties" (that is, seven counties excluding Hennepin and Ramsey), distributed proportionally to the counties based on population.

The allocation change would result in an additional $32 million for transportation purposes, at $16 million each for Greater Minnesota transit and the counties (with a corresponding reduction to the general fund).

Currently the first $32 million of the revenues collected every year is deposited in the general fund with the remainder split evenly between the county state aid highway fund and the greater Minnesota transit account.

Effective beginning July 1, 2015, which will affect the FY 2016 deposits.