

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 215

**DATE:** February 13, 2015

**Version:** with the (H0215A1) author's amendment

**Authors:** Howe and others

**Subject:** Allocating sales tax on motor vehicle parts to the highway user tax distribution fund

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Provides that the estimated amount of sales tax revenue collected on the sale and purchase of motor vehicle repair parts be transferred annually to the highway user tax distribution fund. For the first year (FY 2016), the transfer will be \$150 million. In subsequent years the transfer will be a percentage of the total sales and use tax revenue from the 6.5% general tax, including penalties and interest, and reduced for refunds. The percentage of the total tax attributable to these sales will be calculated by the Department of Revenue every four years, based on national consumption data and adjusted for state consumption, using department consumption models.

Because the sales tax on motor vehicle repair parts are currently not remitted separately to revenue and because the administrative costs to retailers to separately track and report tax on these items is considerable, the amount attributable to these sales will be estimated. This is similar to how the state statutorily dedicates a portion of the motor fuel taxes used in off-road vehicles to various natural resource funds, although in those instances the percentages are set and are not periodically re-estimated.

Effective July 1, 2015 with the first transfer occurring July 15, 2015.