

HOUSE RESEARCH

Bill Summary

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Authors: Lueck and others

Subject: Dedicating the portion of sales taxes from the sales of motor vehicle tires 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 tires be transferred annually to the highway user tax distribution fund. 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. The amount of these revenues transferred to the highway user tax distribution fund will be phased in over a three-year period as follows:

- by July 15, 2016 (FY 2017), the transfer is one-third of the estimated revenues from sales tax collected from the sale of motor vehicle tires in CY 2015;
- by July 15, 2017 (FY 2018), the transfer is two-thirds of the estimated revenues from sales tax collected from the sale of motor vehicle tires in CY 2016;
- by July 15 of each subsequent year, the transfer is 100% of the estimated revenues from sales tax collected from the sale of motor vehicle tires in the previous calendar year.

Because the sales tax on motor vehicle tires is currently not remitted separately to revenue, 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 in statute and are not periodically re-estimated.

Effective for sales and purchases made after January 1, 2015, with the first transfer occurring July 1, 2016.