

Subject Motor vehicle registration tax

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Summary

This bill modifies and clarifies calculation of the motor vehicle registration tax, so that the formula is based on manufacturer's suggested retail price (MSRP) without other cost or price adjustments.

The changes are to:

- base the registration tax calculation only on the MSRP, so that:
 - destination charge is removed from determination of the tax due; and
 - there is no categorization into ranges or brackets of vehicle valuation;
- eliminate a provision that had been interpreted as directing the Department of Public Safety to use the lowest price identified among the trim levels for a given vehicle make and model;
- clarify that the MSRP is set once determined at the time of calculation, and is not revised in future years of vehicle registration (unless it had originally been incorrectly determined);
- clarify that the department has explicit authority to modify tax due when it had been calculated incorrectly for the current or a prior registration period; and
- make technical changes, including to centralize provisions on how manufacturer's list price information is obtained and to eliminate terminology made obsolete by the bill.

The changes are effective the earlier of January 1, 2021, or implementation of the necessary changes to the information technology system.

The proposal is based on recommendations of the Vehicle Registration Task Force established in 2019 legislation to study vehicle registration and taxation methods.



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