

Subject General sales tax – automotive parts revenue reallocation

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Summary

This bill reallocates revenue from the general sales tax that is attributed to automotive repair and replacement parts. With the change, all of the revenue is annually directed as follows:

- 53 percent to the highway user tax distribution (HUTD) fund (which is then allocated by formula for state and local road systems);
- four percent to the small cities assistance program;
- three percent to town roads;
- 36 percent to transit in the Twin Cities metropolitan area, with a corresponding adjustment to the allocation formula for suburban transit providers; and
- four percent to greater Minnesota transit.

The reallocation begins in fiscal year 2023.

Under current law, a statutorily specified amount (at \$145.6 million annually) is allocated to the HUTD fund and the remainder goes to the general fund.