

February 28, 2022

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 3081 (Newman)

	Fund Impact			
	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>
			(000's)	
General Fund	\$0	(\$169,000)	(\$179,000)	(\$190,000)
Highway User Tax Distribution Fund	\$0	\$169,000	\$179,000	\$190,000

Effective July 1, 2022.

EXPLANATION OF THE BILL

Current Law: A portion of the 6.5% sales tax, attributed to the sale and purchase of motor vehicle repair parts, is deposited in the state treasury and credited to the Highway User Tax Distribution fund (HUTDF). The transfer amount is \$12,137,000 per month.

Proposed Law: The bill would require the commissioner of revenue to allocate the revenues derived from the taxes imposed on the sale and purchase of motor vehicle repair and replacement parts in that month to the HUTDF.

REVENUE ANALYSIS DETAIL

- The Department of Revenue Consumption Tax Model was used to estimate expenditures on motor vehicle repair and replacement parts.
- It is estimated that approximately 4.52% of the General Fund sales tax revenue is attributable to motor vehicle repair and replacement parts.
- The November 2021 general fund sales tax forecast was used.
- The estimate assumes the Department would annually estimate the monthly transfer amount.
- The estimates reflect the difference between the amount transferred under current law and the proposed transfer amounts.

Minnesota Department of Revenue
Tax Research Division
<https://www.revenue.state.mn.us/revenue-analyses>