

April 12, 2023

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 671(Dibble)/ H.F 848(Hollins)

	Fund Impact			
	F.Y. 2024	F.Y. 2025	F.Y. 2026	F.Y. 2027
		(000's)		
Highway User Tax Distribution Fund	(\$170)	(\$200)	(\$240)	(\$290)

Effective for sales and purchases made after June 30,2023

EXPLANATION OF THE BILL

Current Law: Individual, institutions, business, nonprofit organizations and Minnesota state and local government agencies need to pay rental tax of 9.2% for short term motor vehicle rentals or leases which is defined by rental or lease agreements for 28 days or less.

Proposed Law: The bill exempts a nonprofit corporation from the rental tax when it owns, leases, or operates a fleet of vehicles that are available to its members for use, priced on the basis of intervals of one hour or less.

REVENUE ANALYSIS DETAIL

- Only one entity has been identified as eligible for the exemption based on industry sources of carsharing services in Minnesota.
- Taxable expenses and growth rates are gathered from federal 990 forms.
- The estimate is increased by 10% for other possible qualifying entities.

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