

Laws 2023, Chapter 68: FINANCE SUMMARY

Modifications to Existing Revenue Sources:

Motor Fuels Tax

- Indexing: annual adjustment to tax rate based on MN Highway Construction Cost Index
- Calculated each August 1, effective the following January 1
- Change will not exceed 3% increase per year (starting FY 25)

Vehicle Registration Tax

- Tax formula: \$10 + (tax rate calculated against MSRP of vehicle X depreciation factor)
- Changes in Chap 68:
 - Increased base tax rate (from 1.285% to 1.575%)
 - Revised depreciation schedule
 - Reduced total tax for older vehicles (11 years or older) from \$35 to \$30

Motor Vehicle Sales Tax

- Increased tax rate from 6.5% to 6.875%
- Changed allocation of transit share:
 - Increased Greater MN transit share from 4% to 5.7%
 - Decreased metro transit share from 36% to 34.3%
- The HUTDF share (60%) was unchanged

Auto Parts Sales Tax

- Under previous law, a set amount of annual revenue (\$145.6 million) was deposited in the HUTDF; the remainder remained in the General Fund
- Chap 68 changed the HUTDF share to 43.5% of total annual revenue
- The remainder is divided between the General Fund and the new Transportation Advancement Account, with annual increases to the TAA share such that the General Fund share is reduced to 0% by FY 2033

New Revenue Sources:

Retail Delivery Fee

- \$0.50 fee assessed on deliveries of goods where the general sales tax applies (with some exceptions) and on clothing
- Fee assessed on transactions that exceed \$100
- Effective in FY 2025
- Revenues deposited in new Transpo Advancement Account (TAA)

Regional Transportation Sales and Use Tax

- 0.75 percent sales tax, imposed by the Metropolitan Council in the 7-county metro area
- Effective October 1, 2023
- Revenues are allocated 83% to the Metropolitan Council and 17% to metro counties:
 - Met Council share: 5% for active transportation and 95% for transit systems
 - Metro county share: distributed by formula based on population and construction needs

End-of-session 2023 Estimates:

Source/Fund	FY 2024	FY 2025	FY 24-25	FY 2026	FY 2027	FY 26-27
Motor Fuels Tax - Indexing	-	41,000	41,000	110,500	126,000	236,500
HUTDF	-	41,000	41,000	110,500	126,000	236,500
Vehicle Registration Tax	60,799	180,779	241,578	257,830	288,400	546,230
HUTDF	60,799	180,779	241,578	257,830	288,400	546,230
MVST 0.375% increase	51,700	52,300	104,000	54,300	56,500	110,800
HUTDF	31,020	31,380	62,400	32,580	33,900	66,480
Metro Transit	930	924	1,854	1,002	1,092	2,094
Greater MN Transit	19,750	19,996	39,746	20,718	21,508	42,226
Auto Parts Sales Tax	-	-	-	-	-	-
General Fund	(5,509)	(13,831)	(19,340)	(22,261)	(34,132)	(56,393)
HUTDF	(5,747)	(1,120)	(6,867)	3,415	7,694	11,109
Transportation Advancement	11,256	14,951	26,207	18,846	26,438	45,284
Retail Delivery Fee \$0.50	-	59,000	59,000	64,800	65,300	130,100
Transportation Advancement	-	59,000	59,000	64,800	65,300	130,100
Regional Transpo Sales Tax, 0.75%	361,847	560,798	922,645	578,176	594,855	1,173,031
Metro Transit & active transpo (83%)	300,333	465,462	765,795	479,886	493,730	973,616
Metro Counties (17%)	61,514	95,336	156,850	98,290	101,125	199,415
TOTAL (all dollars in thousands)	474,346	893,877	1,368,223	1,065,606	1,131,055	2,196,661

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