



Estimated Sales Tax Collected from Motor Vehicle Parts

January 15, 2019

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The Honorable Roger Chamberlain
Chair Senate Tax Committee

The Honorable Ann Rest
Ranking Member Senate Tax Committee

The Honorable Paul Marquart
Chair House Tax Committee

The Honorable Greg Davids
Ranking Member House Tax Committee

The Honorable Scott Newman
Chair Senate Transportation Finance & Policy Committee

The Honorable Scott Dibble
Ranking Minority Member Senate Transportation
Finance & Policy Committee

The Honorable Frank Hornstein
Chair House Transportation Finance & Policy Division

The Honorable Paul Torkelson
Ranking Minority Member House Transportation
Finance & Policy Committee

Dear Committee Chairs and Members:

The Department of Revenue is providing this estimate of the percentage of sales tax revenues for a calendar year from sales and purchases of motor vehicle repair and replacement parts, as required by Minnesota Laws, 2017 Special Session, Chapter 3, Article 3, Section 123.

Motor vehicle repair and replacement parts include the following items when used as part of a repair or maintenance:

- Parts, tires, accessories, and equipment incorporated or affixed to the motor vehicle
- Paint, oil, and other fluids that remain on or in the motor vehicle

For calendar year 2017, the percentage of sales tax revenues attributable to motor vehicle repair and replacement parts is 4.69%, as shown below.

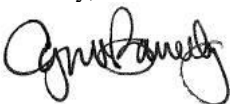
	Estimated Sales Tax on Motor Vehicle Parts (CY2017) ¹	\$249,813,000
÷	Sales Tax Revenues Net of Refunds at 6.5% (CY2017)	\$5,331,778,000
=	Percentage Attributable to Motor Vehicle Parts ²	0.0469 (4.69%)

¹ We used consumer survey data from the federal Bureau of Economic Analysis and a Department of Revenue consumption tax model to estimate sales tax revenue from motor vehicle repair and replacement parts.

² We expect this estimated percentage to fluctuate for various reasons, including: 1) federal survey variability; 2) updates and methodological changes in the consumption tax model; 3) other changes in estimate methods; and 4) national impacts not directly related to changes in auto parts sales activity in Minnesota.

Please contact my office if you have any questions about this estimate.

Sincerely,



Cynthia Bauerly
Commissioner of Revenue