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The motor vehicle sales tax is one of the core state transportation funding sources. Fiscal year 2024 revenue was \$1.13 billion. Changes made in 2023 modified the rate and allocation of funds.

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## Tax Imposition

The motor vehicle sales tax (MVST) is a tax on the sale of new and used motor vehicles registered in Minnesota, imposed instead of the state general sales tax. The current rate is 6.875 percent, which was increased (from 6.5 percent) in 2023 legislation as part of various transportation finance changes. The tax calculation is based on the purchase price. MVST is collected when the vehicle is registered, although auto dealers can handle it at the time of vehicle sale. [Minn. Stat. §§ 297B.02, 297B.13](#).

## Exceptions to the Tax

There are various MVST exceptions and exemptions.

- A flat tax rate applies for most low-value automobiles that are at least ten years old (at \$10) as well as for some collector vehicles (at \$150).
- A number of exemptions depend on the entity purchasing the vehicle or the vehicle use. This includes purchases by the federal government, towns exclusively for road maintenance (but not including passenger vehicles and pickup trucks), transit providers for transit service, educational institutions for use in automotive training programs, and a person who resided outside Minnesota for at least 60 days prior to becoming a Minnesota resident (if the vehicle had been registered elsewhere).
- Some types of vehicles do not need to be registered to operate on public roads and are therefore exempt from MVST, including fire apparatuses, marked police vehicles, and marked ambulances. [Minn. Stat. §§ 168.012](#), subd. 1; [297B.02](#); [297B.025](#); [297B.03](#).

## Historical Allocation

Historically, MVST revenue was allocated to the state's General Fund and to transportation purposes, with periodic changes in the combination over time. A series of legislative changes from 2000 to 2003 increased the share of MVST revenue distributed to roads and transit. (The changes were largely designed to make up for reductions in other sources rather than increase transportation funding.)

## The 2006 Constitutional Amendment

At the 2006 general election, voters approved a constitutional amendment dedicating all MVST revenue to transportation purposes. Constitutional language established a floor for revenue allocation to transit as well as a ceiling for allocation to roads. It requires that:

- “not less than 40 percent” goes to public transit assistance; and
- “no more than 60 percent” of the revenue goes to the Highway User Tax Distribution (HUTD) Fund, which in turn is constitutionally dedicated to state and local highways. [Minn. Const. art. XIV](#), § 13.

## MVST Allocation

Within the constitutional constraints, the legislature sets the division between highways and transit by statute. Following adoption of the constitutional amendment, legislation in 2007 allocated MVST revenue by formula. The 2023 Legislature revised the allocation formula by increasing the proportion to Greater Minnesota transit and correspondingly reducing the share to metropolitan area transit. (The percentage directed to highways was unchanged.) In conjunction with the tax rate increase, the net effect was to increase funding to all recipients with the additional transit revenue primarily directed to Greater Minnesota transit.

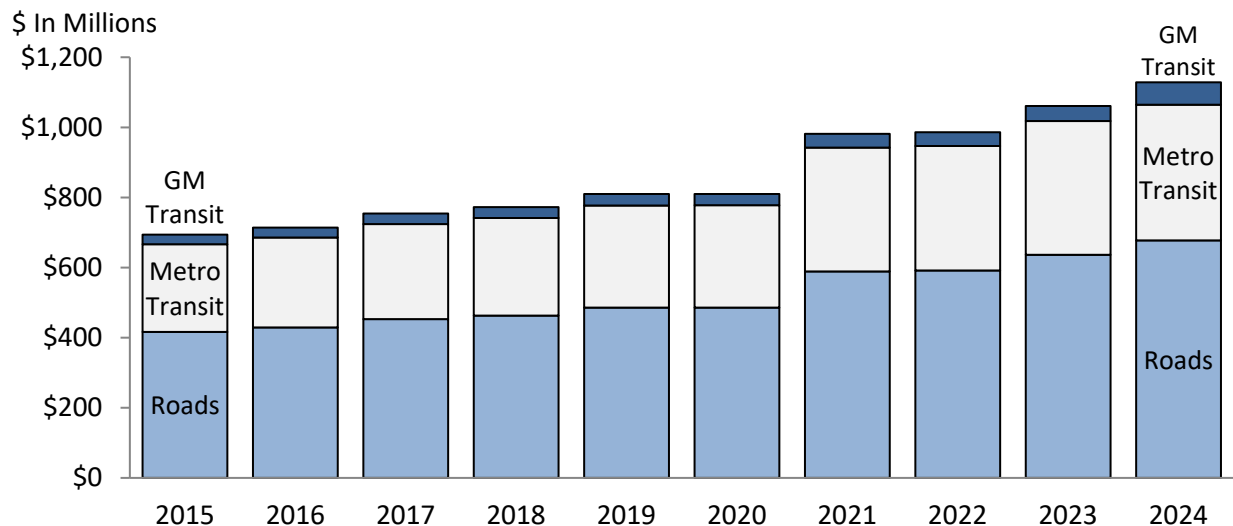
## Revenue

Fiscal year 2024 MVST revenue totaled nearly \$1.13 billion, distributed as follows. [Minn. Stat. § 297B.09](#).

Share	Destination	FY 2024 Amount (in Millions)
60.0%	Highways (via the Highway User Tax Distribution Fund)	\$677.2
34.3%	Twin Cities metropolitan area transit	387.1
5.7%	Greater Minnesota transit	64.3
Notes: Percentage shares are for fiscal years 2024 and after.		

The chart below summarizes historical revenue and distribution. The annual average revenue growth is about 7.0 percent over the last decade (i.e., calculated over fiscal years 2015 to 2024).

### MVST Allocation History, FY 2015-24



**For more information:** See the House Research publication [Highway Finance](#), September 2025.



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