

OFFICE OF THE COMMISSIONER  
211 STATE HIGHWAY BUILDING  
(612) 296-6642



**STATE OF MINNESOTA  
DEPARTMENT OF PUBLIC SAFETY  
SAINT PAUL 55155**

January 13, 1977

Mr. Patrick E. Flahaven  
Secretary of the Senate  
Room 231 State Capitol  
St. Paul, MN 55155

Dear Mr. Flahaven:

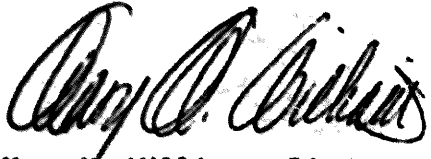
The 1976 Legislature mandated that alternative methods of registering motor vehicles, except passenger vehicles, be studied and proposals be made of methods which would alleviate administrative and enforcement difficulties existing with current registration and laws. This law, Chapter 39 (Section 8), requires the submission to the 1977 Legislature of the study's results and a proposal for a new registration system.

The attached proposal has three parts. Part I includes eight recommendations, any of which would have significant impact on registration or enforcement procedures, but none of which should cause major concern from Minnesota taxpayers; some of the proposals would provide more conveniences for the taxpayers, e.g., an optional five-year registration plan for semi-trailers. Part II includes three recommendations which would significantly reduce administrative paperwork and law enforcement confusion. They are segregated from Part I because of their negative impact on a relatively small number of taxpayers whose vehicle taxes would be significantly increased. Although these three recommendations would result in additional annual revenues of over \$4 million, those additional revenues are an accidental adjunct to the recommendations, the main purpose of which is to reduce administrative burden and law enforcement problems. Part III -- a discussion of optional truck registration on a quarterly basis -- is in response to State Representative Richard Lemke who, as Chairman of the House Transportation Committee's Subcommittee on Highways, requested that such a proposal be addressed in the study required by Chapter 39.

These recommendations are offered to the 1977 Legislature with the understanding that they provide "food for thought." Any or all of these ideas may

Mr. Patrick E. Flahaven  
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be entirely acceptable, or unacceptable, to the Legislature; no objections will be made by the Department of Public Safety if any of the proposals are modified or rejected.



Mary W. Williams, Director  
Motor Vehicle Division

Sincerely,



Edward G. Novak  
Commissioner

EGN:lcs  
Attachment

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**STATE OF MINNESOTA  
DEPARTMENT OF PUBLIC SAFETY  
SAINT PAUL 55155**

January 13, 1977

Mr. Edward A. Burdick  
Chief Clerk  
House of Representatives  
Room 211 State Capitol  
St. Paul, MN 55155

Dear Mr. Burdick:

The 1976 Legislature mandated that alternative methods of registering motor vehicles, except passenger vehicles, be studied and proposals be made of methods which would alleviate administrative and enforcement difficulties existing with current registration and laws. This law, Chapter 39 (Section 8), requires the submission to the 1977 Legislature of the study's results and a proposal for a new registration system.

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Mr. Edward A. Burdick  
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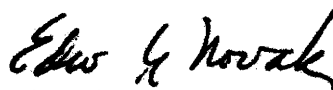
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Mary M. Williams, Director  
Motor Vehicle Division

EGN:lcs  
Attachment

Sincerely,



Edward G. Novak  
Commissioner

DEPARTMENT OF PUBLIC SAFETY  
Division of Motor Vehicles

January 1977

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motor Vehicle  
Legislation

**PART I**

**Recommendations 1 through 8**

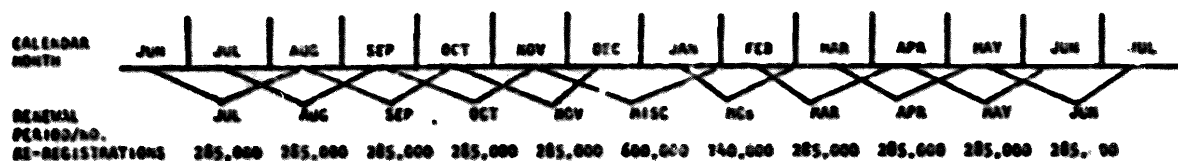
- REC. 1. Revise the registration periods for motorcycles, recreational trailers and lightweight utility trailers; adjust display dates for vehicles licensed on a calendar-year basis. Because the monthly system of registering passenger vehicles, implemented in 1975, has succeeded in its goal to distribute the administrative workload more evenly throughout the year and is accepted as workable by law enforcement agencies and the public, it is recommended that all recreational trailers and utility trailers with a maximum registered gross weight of 3,000 pounds be added to the monthly form of registration, and that all motorcycles be assigned an annual registration period of March 1 through February 28/29. This would remove approximately 500,000 vehicles from the annual "miscellaneous" registration period, leaving approximately 600,000 vehicles to be registered between November 15 and January 28, which is recommended as the new license plate display date for miscellaneous vehicles.

The shorter (24-month) miscellaneous registration period would minimize a problem the State Patrol claims exists under the current system: That truck owners haul heavy loads while displaying lower gross weight stickers during the renewal period, a violation difficult to detect visually. (For example, truck owner X operates a vehicle in 1976 registered for 33,000 pounds gross weight. On November 15, he reduces his 1976 registered gross weight to 21,000 pounds, applies for a refund and purchases his 1977 validation stickers for 21,000 pounds but does not attach them to the vehicle plates, and continues carrying 33,000 pounds. On March 2, he then adjusts his gross weight application with the state, and pays the higher taxes for 10 months, instead of 12. In another apparent abuse of the present system, owner X waits until March to re-register his vehicle, although using it during January and February, and claims that he did not use the vehicle the first two months. He then pays only the minimum taxes for January and February and the accurate tax for the last 10 months of the year. During January and February he is legally operating with the previous year's plates, so law enforcement cannot cite him for registration law violations.)

With the miscellaneous fleet reduced to 600,000, the Division of Motor Vehicles anticipates no problems in issuing all plates/stickers by the earlier deadline of January 28.

It is recommended that tax amounts be amended, when necessary, so that each tax is divisible by 12. Because of these changes, annual revenue would be increased by a projected \$600,000.

If the trailer and motorcycle renewal periods and the miscellaneous display date are changed as recommended, the annual workload distribution would be as follows:



The 600,000 miscellaneous vehicles to be registered in 2½ months (November 15 - January 28) is an average of 240,000 per month, which compares favorably with the current average monthly passenger car registration of 244,000.

This recommended change would have a start-up cost of an estimated \$90,000 for computer program revisions.

We would anticipate public acceptance of the revised registration periods, since trailer owners would be able to pay those annual taxes at the same time they renew their passenger-car registrations. We have received complaints that the public dislikes registering their vehicles at different times during the year. In addition, the recommended change for motorcycle registration would align registration renewal periods with usual use periods, i.e., registration by March, use in March (during mild seasons) or April.

To implement this recommendation, we suggest the following amendments to Chapter 168:

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1974, Section 168.013, Subdivision 1b, is amended to read:

Subd. 1b. [MOTORCYCLES.] On motorcycles the tax is \$5 6, which includes the surtax provided for in subdivision 14.

Section 2. Minnesota Statutes 1974, Section 168.013, Subdivision 1d, is amended to read:

Subd. 1d. [TRAILERS.] On trailers, the tax shall be based on total gross weight and shall be 30 percent of the Minnesota base rate prescribed in subdivision 1e, Schedule I, but in no event less than \$2 3.

Section 3. Minnesota Statutes 1974, Section 168.013, Subdivision 1g, as amended by Laws 1976, Chapter 39, Section 4, is amended to read:

Subd. 1g. [RECREATIONAL VEHICLES.] Self-propelled recreational vehicles shall be separately licensed and taxed annually on the basis of total gross weight at 100 percent of the Minnesota base rate prescribed in subdivision 1e of this section under Schedule I, during each of the first six years of vehicle life, but in no event less than \$8. Towed recreational vehicles shall be separately licensed and taxed annually on the basis of total gross weight at 30 percent of the Minnesota base rate prescribed in subdivision 1e of this section under Schedule I, but in no event less than \$5 6. The annual tax on a slip-in camper as defined in section 168.011, subdivision 25, shall be as provided for self-propelled recreational vehicles unless such owner elects to register such slip-in camper as a truck. If the owner elects to register such slip-in camper as a truck, the annual tax shall be either the tax imposed for self-propelled recreational vehicles or the tax imposed for trucks on the basis of gross weight in subdivision 1e, whichever is higher. Notwithstanding any law to the contrary, all trailers and semitrailers taxed pursuant to this section shall be exempt from any wheelage tax nor or hereafter imposed by any political subdivision or political subdivisions.

Section 4. Minnesota Statutes 1974, Section 168.017, Subdivision 1, is amended to read:



Subd. 1. [MONTHLY SERIES SYSTEM OF REGISTRATION FOR VEHICLES.] All passenger automobiles, ambulances, hearses, and station wagons, towed recreational vehicles, and trailers registered for less than 3001 pounds total gross weight, beginning April 1, 1975, shall be registered by the registrar according to the monthly series system of registration prescribed by this section.

Section 5. Minnesota Statutes 1974, Section 168.09, as amended by Laws 1976, Chapter 39, is amended by adding a subdivision to read:

Subd. 5. Motorcycles shall be registered for a twelve-month period commencing March 1 and ending on the last day of February for the 1981 and succeeding registration years. To implement the provisions of this subdivision, the registrar shall register motorcycles for a period of 14 months for the 1980 registration year.

Section 6. Minnesota Statutes 1974, Section 168.09, Subdivision 3, as amended by Laws 1976, Chapter 39, Section 5, is amended to read:

Subd. 3. Plates or other insignia issued for a motor vehicle registered ~~under the provisions of section 168.187~~ for a calendar year shall be displayed on such motor vehicle not later than 12:01 a.m. on ~~March 2~~ January 28 of the year unless extended by the registrar for such time as may be required for the issuance of new plates or insignia. ~~Plates or other insignia issued for a motor vehicle except a motor vehicle registered under the provisions of sections 168.017 or 168.187 shall be displayed on such vehicle not later than 12:01 a.m. on March 2 of the year, nor earlier than 12:01 a.m. on February 15 of the year, unless otherwise extended by the registrar for such period as may be required for the issuance of such new plates or insignia. The commissioner of public safety shall register all motor vehicles with the exception of those registered under sections 168.017 or 168.187 for a period of 14 months for the registration year 1978 to implement the provisions of this subdivision. The registration year for all vehicles herein shall be from March 1 to the last day of February for 1979 and succeeding years.~~

Section 7. Minnesota Statutes 1974, Section 168.31, Subdivision 3, as amended by Laws 1976, Chapter 39, Section 6, is amended to read:

Subd. 3. [PENALTIES, LIMITATIONS, FILINGS.] The penalty for failure or delay in registering and paying the registration tax shall not be more than one-half the annual tax and in no event more than a total of \$2.50. This subdivision does not apply to vehicles registered pursuant to section sections 168.017 or 168.09. An owner who files his application after March 31, and whose vehicle has not been operated during the calendar year to the date of application may so state to the registrar who shall then waive the penalty for failure to re-register before January 11. The waiver of penalty does not apply to vehicles required to be registered under section sections 168.017 or 168.09.

A filing with, or delivery to the Commissioner of Public Safety of any application, notice, certificate or plates as required by this section shall be construed to be within the requirements of this section if made to the Commissioner of Public Safety or his deputy at an office maintained therefor, or if deposited in the mail or with a carrier by express with postage or carriage charge prepaid, and properly addressed to the Commissioner of Public Safety within ten days after the transfer of ownership or other occurrence upon which this section provides for such filing or delivery.

Notwithstanding any law to the contrary, the owner of record as of July 1, 1976, of a towed recreational vehicle of 1500 pounds or less registered for the calendar year 1976 or any part of it shall be entitled to a refund of any portion of the tax paid for 1976 that is in excess of \$5. The commissioner of public safety shall pay these refunds in the manner provided by section 168.16 as soon as practicable after July 1, 1976.

Section 8. [EFFECTIVE DATE.] Sections 1, 5 and 7 are effective November 15, 1979, for the 1980 registration year. Sections 2, 3, 4 and 6 are effective November 15, 1980, for the 1981 registration year.

- REC. 2. Provide the option of registering semi-trailers for one- or five-year periods. Owners of semi-trailers are charged a token \$10 annual tax. It is recommended that a five-year \$50 tax payment option be offered, with the present annual tax raised to \$12 to serve as incentive for owners to pay the longer-term, less-expensive tax. We project that the annual manufacture, distribution and sale of half the current number of validation stickers would be eliminated four years out of every five under the optional plan. The additional revenue generated from the one-year sale of \$12 validation stickers to those who do not take advantage of the five-year option is projected at \$22,000.

To implement this recommendation, we suggest the following amendments to Chapter 168:

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1974, Section 168.013, Subdivision 1e, is amended to read:

Subd. 1e. [TRUCKS; TRACTORS; COMBINATIONS; EXCEPTIONS.] On all trucks and tractors except those in this chapter defined as farm trucks, and urban trucks, and on all truck-tractor and semi-trailer combinations except those defined as farm combinations and urban combinations, the tax based on total gross weight during the first six years of vehicle life shall be graduated according to Schedule I of the Minnesota base rate prescribed in this subdivision, but in no event less than \$28, and during the seventh and succeeding years of vehicle life the tax shall be graduated according to Schedule II of this subdivision, but in no event less than \$17.

#### MINNESOTA BASE RATE

Scheduled taxes include five percent surtax provided for in Section 168.013, subdivision 14.

TOTAL GROSS WEIGHT IN POUNDS		SCHEDULE I Tax	SCHEDULE II Tax
A	0 - 1,500	\$ 5.00	\$ ----
B	1,501 - 3,000	9.00	----
C	3,001 - 4,500	14.00	8.00
D	4,501 - 6,000	19.00	11.00

E	6,001 - 9,000	28.00	17.00
F	9,001 - 12,000	39.00	23.00
G	12,001 - 15,000	62.00	37.00
H	15,001 - 18,000	86.00	52.00
I	18,001 - 21,000	114.00	68.00
J	21,001 - 27,000	158.00	95.00
K	27,001 - 33,000	230.00	138.00
L	33,001 - 39,000	320.00	192.00
M	39,001 - 45,000	420.00	252.00
N	45,001 - 51,000	540.00	324.00
O	51,001 - 57,000	690.00	414.00
P	57,001 - 63,000	830.00	498.00
Q	63,001 - 69,000	970.00	582.00
R	69,001 - 75,000	1,050.00	630.00

For each vehicle with a gross weight in excess of 75,000 pounds the tax shall be \$36 for each ton or fraction thereof in excess of 75,000 pounds, subject to provisions of section 168.013, subdivision 12.

Provided however, that on all trucks, except those in this chapter defined as farm trucks and urban trucks, having a gross weight in excess of 18,000 pounds but less than 27,001 pounds, the tax shall be:

~~(a) For the registration year 1976, 70 percent of the applicable Schedule I or Schedule II of this subdivision;~~

(b) (a) For the registration year 1977, 80 percent of the applicable Schedule I or Schedule II of this subdivision;

(c) (b) For the registration year 1978, 90 percent of the applicable Schedule I or Schedule II of this subdivision;

(d) (c) For the registration year 1979 and thereafter, 100 percent of the applicable Schedule I or Schedule II of this subdivision.

On vehicles having a gross weight in excess of 27,000 pounds, and used for the transportation of livestock or unprocessed and raw farm products shall be taxed at 90 percent of the Minnesota base rate prescribed by this subdivision under Schedule I during each of the first six years of vehicle life and during the seventh and succeeding years of vehicle life as taken from Schedule II, provided the gross receipts derived from such use equal or exceed 60 percent of the owner's total gross receipts from the operation of such vehicle during the 12 month period immediately preceding the date set by law for the reregistration of such vehicle. The owner shall furnish such information as the registrar may require, including sworn statements of fact, and the registrar shall thereupon determine whether such owner comes within the provisions of this paragraph.

If an owner has not used such vehicle for the transportation of livestock or unprocessed and raw farm products so as to be able to report gross receipts for the 12 month period as herein set forth, he may nevertheless, apply for registration hereunder and pay the reduced tax and the registrar shall, after consideration of the established facts, determine whether such owner is entitled to have such registration approved.

If an owner fails to operate under the conditions and limitations herein set forth, he shall immediately notify the registrar of such fact and pay the

difference between the scheduled gross weight tax and the reduced tax proportionate to the number of months remaining in the year, 1/12 of the difference for each month or fraction thereof, beginning with the month in which such operations were discontinued or changed.

If an owner first uses such vehicle for the transportation of livestock and unprocessed and raw farm products after the tax becomes due without reduction, no adjustment or refund of tax shall be made during that calendar year for reasons of transporting livestock and unprocessed and raw farm products.

All truck-tractors except those herein defined as farm and urban truck-tractors shall be taxed in accord with the foregoing gross weight tax schedule on the basis of the combined gross weight of such truck-tractor and any semi-trailer or semitrailers which the applicant proposes to combine with the truck-tractor. In addition, to such gross weight tax imposed on the truck-tractor, each semi-trailer shall be taxed an annual flat fee of \$10 12 per year or a fee of \$50 for a five-year period, whichever the applicant elects. Each succeeding year the fee may be proratable, but in no event less than \$12 per registration year. The five-year registration period does not include any semi-trailer registered under Section 168.187.

Urban trucks include only all trucks and all truck-tractors and semi-trailers used exclusively in transporting property within the metropolitan area consisting of Hennepin, Ramsey, Scott, Dakota, Anoka, Washington and Carver counties, or within the corporate limits of any city or contiguous cities or within one mile of cities of the first and second class. For the purposes of this clause a land area ceded to the United States of America under General Laws 1889, Chapter 57, is a statutory city. The vehicle shall not be operated outside the metropolitan area or corporate limits of such city or contiguous cities, or beyond one mile of cities of the first and second class; except that the registrar may, by special permit, authorize the permanent removal of such vehicle from any registration area to another. The license plates issued therefor shall be plainly marked. On urban trucks and combinations the tax shall be based on total gross weight and shall be 30 percent of the Minnesota base rate prescribed in this subdivision under Schedule I during each of the first six years of vehicle life, but in no event less than \$19, and during the seventh and succeeding years of vehicle life as taken from Schedule II, but in no event less than \$11. In addition to such gross weight tax imposed on the truck-tractor, each semitrailer shall be taxed an annual flat fee of \$10 12 per year or a fee of \$50 for a five-year period, whichever the applicant elects. Provided that on vehicles used by an authorized local cartage carrier operating under a permit issued pursuant to section 221.296 and whose gross transportation revenue consist of at least 60 percent obtained solely from local cartage carriage, shall be taxed at 90 percent of the prescribed urban truck and combination rates for the life of the vehicle during each year such vehicle is used, provided that the gross revenues obtained from transportation services is obtained from local cartage carriage is at least 60 percent of all revenue obtained from transportation services by said person; and provided further, that said tax shall in no event be less than \$10 12.

Section 2. [EFFECTIVE DATE.] This act shall be effective November 15, 1977, for the 1978 registration year.

- REC. 3. Require payment of full Minnesota truck tax, if the operator of a prorated vehicle is convicted of operating more than 25 percent over axle or registered gross weight. This recommendation, which is estimated to increase annual state

revenue by over \$140,000, is to correct an apparent oversight in present legislation, whereby owners of commercial vehicles used exclusively in Minnesota are subject to stricter penalty for operating over registered gross weight than owners of vehicles registered proportionally. For intrastate vehicles, the penalty includes revocation of registration; for interstate vehicles, the penalty is cancellation of reciprocity privileges, but the vehicle owner may retain in-state operating privileges.

Based on Minnesota State Patrol arrest information, it is estimated there would be 200 violations per year resulting in the revocation of the prorated license plates. If these vehicles were required to re-register for the full fee and, assuming all the vehicles were registered for 75,000 pounds, the estimated increased revenue is \$136,500.

To implement this recommendation, we suggest the following amendments to Chapter 168:

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1974, Section 168.013, Subdivision 3, is amended to read:

Subd. 3. [APPLICATION; CANCELLATION.] The applicant for all licenses based on gross weight shall state in writing upon oath, among other things, the unloaded weight of such motor vehicle or trailer and the maximum load the applicant proposes to carry thereon, the sum of which shall constitute the gross weight upon which the license tax shall be paid, but in no case shall the declared gross weight upon which the tax is paid be less than 1 1/2 times the declared unloaded weight of the vehicle or trailer to be registered, except recreational vehicles taxed under subdivision 1g of this section and school buses under subdivision 18.

The gross weight of no vehicle or trailer shall exceed the gross weight upon which the license tax has been paid by more than four percent or 1000 pounds, whichever is greater.

The gross weight of the vehicle or trailer for which such license tax is paid shall be indicated by a distinctive character on the license plate or plates except as provided in subdivision 12 of this section and the plate or plates shall be kept clean and clearly visible at all times.

The owner, driver, or user of a vehicle or trailer upon conviction for transporting a gross weight in excess of the gross weight for which it was registered or for operating a vehicle with an axle weight exceeding the maximum lawful axle load weight shall be guilty of a misdemeanor and be subject to increased registration or re-registration according to the following schedule:

1. The owner, driver or user of a motor vehicle upon conviction for transporting a gross weight in excess of the gross weight for which it is registered by more than four percent or 1000 pounds, whichever is greater, but less than 25 percent or for operating or using a vehicle or trailer with an axle weight exceeding the maximum lawful axle load as provided in section 169.83 by more than four percent or 1000 pounds, whichever is greater, but less than 25 percent, in addition to any penalty imposed on him for the misdemeanor shall apply to the registrar to increase the authorized gross weight to be carried on the vehicle to a weight equal to or greater than the gross weight of which the owner, driver, or user was convicted of carrying, the increase computed for the balance of the calendar year on the basis of

1/12 of the annual tax for each month remaining in the calendar year beginning with the first day of the month in which the violation occurred. If the additional registration tax computed upon that weight, plus the tax already paid, amounts to more than the regular tax for the maximum gross weight permitted for such vehicle under Section 169.83 that additional amount shall nevertheless be paid into the highway fund, but the additional tax thus paid shall not be deemed to permit the vehicle to be operated with a gross weight in excess of the maximum legal weight as provided by Section 169.83. Unless the owner within 30 days after such conviction shall apply to increase the authorized weight and pay the additional tax as herein provided the registrar shall revoke the registration on the vehicle and demand the return of the registration card and plates issued by him on that registration.

2. ~~The owner or driver or user of a vehicle or trailer upon conviction for transporting a gross weight in excess of the gross weight for which the vehicle or trailer was registered by 25 percent or more, or for operating or using a vehicle or trailer with an axle weight exceeding the maximum lawful axle load as provided in section 169.83 by 25 percent or more, in addition to any penalty imposed on him for the misdemeanor, shall have the reciprocity privileges on the vehicle involved if the same is being operated under reciprocity canceled by the registrar, or if the vehicle is not being operated under reciprocity, the certificate of registration on the vehicle so operated shall be canceled by the registrar and the registrar shall demand the return of the registration certificate and registration plates.~~ When any motor vehicle is operated with a gross weight in excess of the gross weight for which it was registered by 25 percent or more, or with a weight exceeding any maximum lawful weight as provided in section 169.83 by 25 percent or more, the registration of the vehicle, including vehicles operated under provisions of sections 168.181 to 168.231, shall be deemed revoked. The revocation of registration shall be in addition to any penalty imposed for the misdemeanor. The registrar may investigate any allegation of gross weight violations and demand that the operator show cause why all future operating privileges in the state should not be revoked unless the additional tax assessed be paid.

3. When the registration on a motor vehicle, trailer or semi-trailer has been revoked by the registrar according to the provisions of this section, such vehicle shall not be again operated on the highways of the state until it is registered or re-registered as the case may be, and new plates issued, and the registration fee therefor shall be the annual tax for the total gross weight of the vehicle at the time of violation.

Where the registration of a motor vehicle operated under the provisions of sections 168.181 to 168.231 is revoked hereunder, such vehicle must be registered or re-registered as herein required and the registration tax shall not be proportioned on the basis of miles traveled but shall be computed as though the vehicle were used exclusively in this state.

Section 2. Minnesota Statutes 1974, Section 168.187, Subdivision 10, is amended to read:

Subd. 10. [FEES FOR PROPORTIONAL REGISTRATION.] (1) "Total fleet miles" means the total number of miles operated in all states during the preceding year by the motor vehicles in a fleet during such year.

(2) "In-state miles" means the total number of miles operated in this state during the preceding year by the motor vehicles in a fleet during such year.

(3) The registration fees for proratable vehicles of a fleet based in another state shall be determined as follows:

(A) Divide in-state miles by total fleet miles.

(B) Determine the total amount which would be required under the laws of this state for full registration of each and every vehicle in the fleet, at the regular annual or applicable fees, for the unexpired portion of the registration year.

(C) Multiply the sum obtained under clause (3) (B) of this subdivision by the quotient obtained under clause (3) (A) of this subdivision.

(4) The registration fees for proratable vehicles of a fleet based in this state shall be determined as follows:

(A) Divide in-state miles plus all other fleet miles not subjected to charges in other states nor declared for other prorate agreement states by total fleet miles.

(B) Determine the total amount which would be required under the laws of this state for full registration of each and every vehicle in the fleet, at the regular annual or applicable fees for the unexpired portion of the registration year.

(C) Multiply the sum obtained under clause (4) (B) of this subdivision by the quotient under clause (4) (A) of this subdivision.

(5) The provisions of this section shall constitute complete authority for the registration of the proratable vehicles of a fleet upon a proportional registration basis without reference to or application of any other statutes of this state except as in this section or section 168.013, subdivision 3, sub-section 3, expressly provided.

REC. 4. Prohibit vehicle registration renewals at the Motor Vehicle public counter in the Transportation Building in St. Paul. To eliminate the congestion occurring at the Transportation Building at the end of each month (for passenger renewals) and during the miscellaneous re-registration period, and therefore provide a shorter waiting period for customers with transfers and other more complicated transactions, it is recommended that the public counter no longer handle renewal registrations. These renewal registrations are simple transactions requiring the exchange of money for a validation sticker or plate and registration card. In Fiscal Year 1976, 151,646 renewal registrations were handled, and, at \$1 service charge per transaction (the current service charge), this recommendation would result in the loss of approximately \$150,000 in annual revenue. Some of these renewals would undoubtedly be mailed to the Transportation Building instead, resulting in continued collection of some of the service charge revenue. The remainder of the transactions would be transferred to deputy registrars, who would retain the service charge. This recommendation would not require a statutory change, but we would not consider it without direction from the Legislature.

REC. 5. Eliminate the "YW" class and issue passenger vehicle plates to all station wagons. The "YW" plate is issued to approximately 6,000 station wagons whose owners prefer truck plates to passenger plates. The owner may select either class, but must pay the higher of the two taxes if choosing the "YW" plate, so no revenue would be lost or gained by the elimination of the "YW" class. Vehicles with "YW" plates were allowed in the past to use commercial-parking zones on city streets; through the years most cities have eliminated this privilege and the "YW" designation is consequently of no value today. Owners of vehicles with "YW" plates may continue to attempt to park in commercial zones, but will be issued illegal-parking citations in such cities as Minneapolis and St. Paul. Elimination of the "YW" plate series would prevent this misunderstanding by the public, since all station wagons would



be registered as passenger vehicles. The elimination of this class also would produce plate-manufacturing, storage and distribution time and cost savings for the division.

To implement this recommendation, we suggest the following amendments to Chapter 168:

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1974, Section 168.011, Subdivision 7, is amended to read:

Subd. 7. [PASSENGER AUTOMOBILE.] "Passenger automobile" means any motor vehicle designed and used for the carrying of not more than eight ten persons but excluding motorcycles, and motor scooters, and but including station-wagons. The term station-wagon includes, but is not limited to, types of vehicles which carry the trade names of estate wagon, ranch wagon, town and country wagon, country sedan, suburban, travelall, carryall, hatchback, three-door wagon, bronco, blazer, scout, jeep, jimmy, ramcharger, trailduster, land cruiser, and land rover.

Section 2. [REPEALER.] Minnesota Statutes 1974, Sections 168.011, Subdivision 23, and 168.013, Subdivision 17, are repealed.

Section 3. [EFFECTIVE DATE.] This act is effective November 15, 1978, for the 1979 registration year.

- REC. 6. Eliminate the "BDU" and "TC" classes, and issue "BY" plates to the buses in these two classes. The "BDU" plate is currently issued exclusively to private airport limousines in Duluth; only two are issued each year. The fee is \$11. The "TC" plate has not been issued since the 1950s; it was created for privately owned buses operated in first-class cities. The fee is \$40. It is recommended that these two classes be combined with the "BY" class for charter buses, with an annual tax ranging from \$13 - \$242, depending on the vehicle's age and passenger-carrying capacity. The elimination of these classes would produce plate-manufacturing, storage and distribution time and cost savings for the division.

In conjunction with this proposal, we recommend that the Chapter 168 definition of "bus" be amended to be uniform with the Chapter 171 definition to alleviate law enforcement problems.

To implement this recommendation, we suggest the following amendments to Chapter 168:

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1974, Section 168.011, Subdivision 9, is amended to read:

Subd. 9. [BUS; INTERCITY BUS.] (a) "Bus" means any every motor vehicle designed and used for the carrying of more than eight ten persons passengers. ✓

(b) "Intercity bus" means any bus operating as a common carrier over regular routes and between fixed termini, but excluding all buses operating wholly within the limits of one city, ~~village or borough~~, or wholly within two or more contiguous cities, ~~villages or boroughs~~, or between contiguous



~~cities and villages or boroughs~~ and a terminus outside the corporate limits of such ~~cities, villages or boroughs~~ and not more than 20 miles distant measured along the fixed route from such corporate limits.

Section 2. Minnesota Statutes 1974, Section 168.013, Subdivision 1f, is amended to read:

Subd. 1f. [INTERCITY BUSES.] On all intercity buses, the tax during each of the first two years of vehicle life shall be based on the gross weight of the vehicle and graduated according to the following schedule:

Gross Weight of Vehicle	Tax
Under 6,000 lbs.....	\$125
6,000 to 8,000 lbs., inclusive.....	125
8,001 to 10,000 lbs., inclusive.....	125
10,001 to 12,000 lbs., inclusive.....	150
12,001 to 14,000 lbs., inclusive.....	190
14,001 to 16,000 lbs., inclusive.....	210
16,001 to 18,000 lbs., inclusive.....	225
18,001 to 20,000 lbs., inclusive.....	260
20,001 to 22,000 lbs., inclusive.....	300
22,001 to 24,000 lbs., inclusive.....	350
24,001 to 26,000 lbs., inclusive.....	400
26,001 to 28,000 lbs., inclusive.....	450
28,001 to 30,000 lbs., inclusive.....	500
30,001 and over.....	550

During each the third and fourth years of vehicle life, the tax shall be 75 percent of the foregoing scheduled tax; during the fifth year of vehicle life, the tax shall be 50 percent of the foregoing scheduled tax; during the sixth year of vehicle life, the tax shall be 37 1/2 percent of the foregoing scheduled tax; and during the seventh and each succeeding year of vehicle life, the tax shall be 25 percent of the foregoing scheduled tax; provided that the annual tax paid in any year of its life for an intercity bus shall be not less than \$175 for a vehicle of over 25 passenger seating capacity and not less than \$125 for a vehicle of 25 passenger and less seating capacity.

On all intracity buses operated by an auto transportation company in the business of transporting persons for compensation as a common carrier and ~~operating within the limits of cities having populations in excess of 200,000 inhabitants, the tax during each year of vehicle life of each such bus shall be \$40; on all of such intracity buses operated in cities, villages or boroughs having a population of less than 200,000 and more than 70,000 inhabitants, the tax during each year of vehicle life of each bus shall be \$10; and all of such intracity buses operating in cities, villages or boroughs having a population of less than 70,000 inhabitants, the tax during each year of vehicle life of each bus shall be \$2.~~

On all other buses the tax during each of the first three years of vehicle life shall be based on the gross weight of the vehicle and graduated according

to the following schedule: Where the gross weight of the vehicle is 6,000 pounds or less, \$25. Where the gross weight of the vehicle is more than 6,000 pounds, and not more than 8,000 pounds, the tax shall be \$25 plus an additional tax of \$5 per ton for the ton or major portion in excess of 6,000 pounds. Where the gross weight of the vehicle is more than 8,000 pounds, and not more than 20,000 pounds, the tax shall be \$30 plus an additional tax of \$10 per ton for each ton or major portion in excess of 8,000 pounds. Where the gross weight of the vehicle is more than 20,000 pounds, and not more than 24,000 pounds, the tax shall be \$90 plus an additional tax of \$15 per ton for each ton or major portion in excess of 20,000 pounds. Where the gross weight of the vehicle is more than 24,000 pounds, and not more than 28,000 pounds, the tax shall be \$120 plus an additional tax of \$25 per ton for each ton or major portion in excess of 24,000 pounds. Where the gross weight of the vehicle is more than 28,000 pounds, the tax shall be \$170 plus an additional tax of \$30 per ton for each ton or major portion in excess of 28,000 pounds.

During each of the fourth, fifth, and sixth years of vehicle life, the tax shall be 80 percent of the foregoing scheduled tax but in no event less than \$20 per vehicle.

During each of the seventh, eighth, and ninth years of vehicle life, the tax shall be 60 percent of the foregoing scheduled tax but in no event less than \$16 per vehicle.

During the tenth and succeeding years of vehicle life, the tax shall be 40 percent of the foregoing scheduled tax but in no event less than \$12 per vehicle.

REC. 7. Eliminate the 10 percent tax reduction presently provided to owners of farm trucks having a gross weight in excess of 27,000 pounds.

Given the changes in the registration statute provided by Laws 1973, Chapter 218, it appears that the 10 percent tax reduction is no longer necessary or justified. We therefore recommend elimination of the 10 percent reduction.

Previous to the implementation of Chapter 218 for the 1976 registration year, farm trucks were limited by statutory definition to single-unit straight trucks. Generally this limited the maximum legal gross weight of farm vehicles to approximately 45,000 pounds. In addition, these vehicles were taxed only on the empty weight of the vehicle using a tax schedule established in 1949.

Chapter 218 recognized that substantial changes had been made in farm operations and in the types of vehicles owned by farmers. Beginning with the 1976 registration year, Chapter 218 permitted the registration of truck-tractor semi-trailer combination vehicles. Even double-bottoms could be eligible for farm class registration. Chapter 218 also continued the substantial tax reduction for these vehicles, taxing them at 30% of the comparable "Y" vehicle. Since farm vehicles are no longer restricted to straight trucks, it seems that the 10% tax reduction for "Y" class vehicles in excess of 27,000 pounds gross weight is no longer necessary. These vehicles owned by farmers can be registered in the farm class and receive a 70% tax reduction.

(It is estimated that 4% of the vehicles eligible [664 of 16,606] utilized this provision of the law in 1976. In sampling the records of 31 vehicles claiming this privilege, the revenue "loss" was \$2,086, the average number

of months claimed was 10, and 66% of the vehicles were seven years old or older. Based on this sample, the estimated revenue "loss" for 1976 is \$44,680 for "Y" vehicles and \$22,000 for "PR" class vehicles.)

The provision of the statutes which permits a 10% reduction for certain urban class vehicles was initiated by Chapter 218, effective for the 1977 registration year. Urban class vehicles may be combination-type vehicles. In addition, Chapter 218 expanded the limits of the metro urban zone to include all of the seven-county area and set the tax rate at 30% of the comparable "Y" class vehicle.

(It is estimated that 10% of the urban class vehicle population will request the 10% reduction privilege, [446 of 4,464 vehicles]. This will result in a "loss" in revenue of \$5,743.)

It is recommended that the 10% reduction be eliminated from "Y" and "PR" class registrations for the following reasons: (1) The provision is obsolete and unnecessary since the law now permits "farm" class semis; (2) revenue "loss" under the current system is \$66,680 per year; (3) the administrative burden would be relieved; and (4) the Division of Motor Vehicles has neither the expertise nor the manpower to verify affidavits, therefore the law is not enforceable.

It is recommended that the 10% reduction be eliminated from the urban class registrations for the following reasons: (1) Revenue "loss" under the current system is \$5,743 per year; (2) the administrative burden would be relieved; (3) the expanded urban zone permits operation on 1,125 miles of interstate and trunk highways in the metro area; and (4) the Division of Motor Vehicles has neither the expertise nor the manpower to verify affidavits, therefore the law is not enforceable.

To implement this recommendation, we suggest the following amendments to Chapter 168:

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:**

Section 1. Minnesota Statutes 1974, Section 168.013, Subdivision 1e, is amended to read:

Subd. 1e. [TRUCKS; TRACTORS; COMBINATIONS; EXCEPTIONS.] On all trucks and tractors except those in this chapter defined as farm trucks, and urban trucks, and on all truck-tractor and semi-trailer combinations except those defined as farm combinations and urban combinations, the tax based on total gross weight during the first six years of vehicle life shall be graduated according to Schedule I of the Minnesota base rate prescribed in this subdivision, but in no event less than \$28, and during the seventh and succeeding years of vehicle life the tax shall be graduated according to Schedule II of this subdivision, but in no event less than \$17.

#### **MINNESOTA BASE RATE**

Scheduled taxes include five percent surtax provided for in Section 168.013, subdivision 14.

**TOTAL GROSS  
WEIGHT  
IN POUNDS**

**SCHEDULE I  
Tax**

**SCHEDULE II  
Tax**

A	0 - 1,500	\$ 5.00	\$ ----
B	1,501 - 3,000	9.00	----
C	3,001 - 4,500	14.00	8.00
D	4,501 - 6,000	19.00	11.00
E	6,001 - 9,000	28.00	17.00
F	9,001 - 12,000	39.00	23.00
G	12,001 - 15,000	62.00	37.00
H	15,001 - 18,000	86.00	52.00
I	18,001 - 21,000	114.00	68.00
J	21,001 - 27,000	158.00	95.00
K	27,001 - 33,000	230.00	138.00
L	33,001 - 39,000	320.00	192.00
M	39,001 - 45,000	420.00	252.00
N	45,001 - 51,000	540.00	324.00
O	51,001 - 57,000	690.00	414.00
P	57,001 - 63,000	830.00	498.00
Q	63,001 - 69,000	970.00	582.00
R	69,001 - 75,000	1,050.00	630.00

For each vehicle with a gross weight in excess of 75,000 pounds the tax shall be \$36 for each ton or fraction thereof in excess of 75,000 pounds, subject to provisions of section 168.013, subdivision 12.

Provided however, that on all trucks, except those in this chapter defined as farm trucks and urban trucks, having a gross weight in excess of 18,000 pounds but less than 27,001 pounds, the tax shall be:

~~(a) For the registration year 1976, 70 percent of the applicable Schedule I or Schedule II of this subdivision;~~

~~(b) (a) For the registration year 1977, 80 percent of the applicable Schedule I or Schedule II of this subdivision;~~

~~(c) (b) For the registration year 1978, 90 percent of the applicable Schedule I or Schedule II of this subdivision;~~

~~(d) (c) For the registration year 1979 and thereafter, 100 percent of the applicable Schedule I or Schedule II of this subdivision.~~

~~On vehicles having a gross weight in excess of 27,000 pounds, and used for the transportation of livestock or unprocessed and raw farm products shall be taxed at 90 percent of the Minnesota base rate prescribed by this subdivision under Schedule I during each of the first six years of vehicle life and during the seventh and succeeding years of vehicle life as taken from Schedule II, provided the gross receipts derived from such use equal or exceed 60 percent of the owner's total gross receipts from the operation of such vehicle during the 12 month period immediately preceeding the date set by law for the reregistration of such vehicle. The owner shall furnish such information as the registrar may require, including sworn statements of fact,~~

and the registrar shall thereupon determine whether such owner comes within the provisions of this paragraph.

If an owner has not used such vehicle for the transportation of livestock or unprocessed and raw farm products so as to be able to report gross receipts for the 12-month period as herein set forth, he may, nevertheless, apply for registration hereunder and pay the reduced tax and the registrar shall, after consideration of the established facts, determine whether such owner is entitled to have such registration approved.

If an owner fails to operate under the conditions and limitations herein set forth, he shall immediately notify the registrar of such fact and pay the difference between the scheduled gross weight tax and the reduced tax proportionate to the number of months remaining in the year,  $1/12$  of the difference for each month or fraction thereof, beginning with the month in which such operations were discontinued or changed.

If an owner first uses such vehicle for the transportation of livestock and unprocessed and raw farm products after the tax becomes due without reduction, no adjustment or refund of tax shall be made during that calendar year for the reasons of transporting livestock and unprocessed and raw farm products.

All truck tractors except those herein defined as farm and urban truck tractors shall be taxed in accord with the foregoing gross weight tax schedule on the basis of the combined gross weight of such truck tractor and any semitrailer or semitrailers which the applicant proposes to combine with the truck tractor. In addition, to such gross weight tax imposed on the truck tractor, each semi-trailer shall be taxed an annual flat fee of \$10.

Urban trucks include only all trucks and all truck tractors and semi-trailers used exclusively in transporting property within the metropolitan area consisting of Hennepin, Ramsey, Scott, Dakota, Anoka, Washington and Carver counties, or within the corporate limits of any city or contiguous cities or within one mile of cities of the first and second class. For the purposes of this clause a land area ceded to the United States of America under General Laws 1889, Chapter 56, is a statutory city. The vehicle shall not be operated outside the metropolitan area or corporate limits of such city or contiguous cities, or beyond one mile of cities of the first and second class, except that the registrar may, by special permit, authorize the permanent removal of such vehicle from any registration area to another. The license plates issued therefor shall be plainly marked. On urban trucks and combinations the tax shall be based on total gross weight and shall be 30 percent of the Minnesota base rate prescribed in this subdivision under Schedule I during each of the first six years of vehicle life, but in no event less than \$19, and during the seventh and succeeding years of vehicle life as taken from Schedule II, but in no event less than \$11. In addition to such gross weight tax imposed on the truck tractor, each semitrailer shall be taxed an annual flat fee of \$10. ~~Provided that on vehicles used by an authorized local cartage carrier operating under a permit issued pursuant to section 221.296 and whose gross transportation revenue consist of at least 60 percent obtained solely from local cartage carriage, shall be taxed at 90 percent of the prescribed urban truck and combination rates for the life of the vehicle during each year such vehicle is used, provided that the gross revenues obtained from transportation services is obtained from local cartage carriage is at least 60 percent of all revenue obtained from transportation services by said person; and provided further, that said tax shall in no event be less than \$10.~~

Section 2. [EFFECTIVE DATE.] This act is effective November 15, 1977, for the 1978 registration year.

REC. 8. Re-define "trailers" and "semi-trailers" in the Motor Vehicle Title, Registration and Tax Laws and the Highway Traffic Regulation Act. The intent of the proposed revisions in the definitions of trailer and semi-trailer in M.S. 168.011 and M.S. 169.01 is to more clearly differentiate the vehicles for registration purposes. The present definitions of "trailer" and "semi-trailer" are vague and difficult to interpret in individual cases, especially if the definition of "truck-tractor" is strictly interpreted. This results in misunderstandings between owners, Division of Motor Vehicles personnel and enforcement authorities. If, for example, a truck-tractor is equipped with an unloading crane, a winch or other equipment, a technical question arises over whether the vehicle is a truck-tractor when towing a semi-type trailer and required to be registered as such. Since there is a large difference in the registration fees for trucks and trailers vs. truck-tractors and semi-trailers, there is a tendency to register such questionable vehicles as trucks to accommodate the owner's desire to register at a lower fee. A new truck registered as a truck-tractor and semi-trailer combination for 75,000 pounds maximum gross weight would pay \$1,060 in registration fees; the same unit registered as a truck and trailer for 75,000 pounds maximum gross weight would pay only \$490. The Motor Vehicle Division accepts truck and trailer registrations on the basis of the fact that the tractor unit does not meet the requirements of the truck-tractor definition which appeals to the vehicle owner. The trailer, however, often does meet the legal requirements of a semi-trailer, which is a position widely held within law enforcement circles. The representatives of enforcement agencies in this state as well as in other states feel that, if the trailer being drawn is a semi-trailer, the towing vehicle must be registered as a truck-tractor regardless of the type or design of the towing vehicle. The proposed amendment would not affect farm vehicles if the proposed farm fee schedule is adopted. The main impact of the amendment would affect "Y" class commercial trucks used exclusively intrastate, since interstate vehicles are presently registered according to this proposal.

To implement this recommendation, we suggest the following amendments to Chapter 168 and 169:

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1974, Section 168.011, Subdivision 13, is amended to read:

Subd. 13. [TRAILER.] "Trailer" means any vehicle designed for carrying property or passenger on its own structure and for being drawn by a motor vehicle and so constructed that less than 10 percent of its weight and that of its load rests upon the towing vehicle but shall not include a trailer drawn by a truck-tractor semitrailer combination.

Section 2. Minnesota Statutes 1974, Section 168.011, Subdivision 14, is amended to read:

Subd. 14. [SEMI-TRAILER.] "Semi-trailer" means a vehicle of the trailer type so designed and used in conjunction with a truck or truck-tractor that a considerable part 10 percent or more of its own weight or and that of its load rests upon and is carried by the truck or truck-tractor and shall include a trailer drawn by a truck-tractor semitrailer combination.

Section 3. Minnesota Statutes 1974, Section 169.01, Subdivision 10, is amended to read:

Subd. 10. [TRAILER.] "Trailer" means every vehicle without motive power designed for carrying persons or property and for being drawn by a motor vehicle and so constructed that ~~no-part~~ less than 10 percent of its weight and that of its load rests upon the towing vehicle.

Section 4. Minnesota Statutes 1974, Section 169.01, Subdivision 11, is amended to read:

Subd. 11. [SEMI-TRAILER.] "Semi-trailer" means every vehicle without motive power designed for carrying persons or property and for being drawn by a motor vehicle and so constructed that ~~some-part~~ 10 percent or more of its weight and that of its load rests upon or is carried by another vehicle.

Section 5. [EFFECTIVE DATE.] This act shall be effective November 15, 1977, for the 1978 registration year and subsequent years.

**PART II**

**Recommendations 9 through 11**



REC. 9. Change the method of taxation of prorated vehicles, so that all prorated vehicles are taxed according to Schedule I fees only. This recommendation, estimated to raise \$377,000 in annual state revenue, would affect approximately 8 percent of the Minnesota-based vehicles and 6 percent of the foreign-based vehicles registered to operate in this state (these vehicles are over 6 years old and currently are taxed at lower rates on Schedule II). If Division of Motor Vehicles, Reciprocity Section, tax calculators were to refer to only one tax schedule, without regarding age, calculations could be made more quickly with less room for error. We feel the recommendation is justified in terms of the small proportion of affected vehicles vs. the streamlining of handling procedures.

This proposal would eliminate tax reductions in three instances. Therefore, the revenue estimate has three components: Component No. 1 - Minnesota-based prorate power units are eligible for the 10 percent tax reduction of M.S. 168.013, Subdivision 1e.

Based on a sample of applications, it was determined that 4 percent of all Minnesota-based power units exercise this option. It is estimated that these 493 (4 percent of 12,326) vehicles paid \$154,987 in Fiscal Year 1975. Elimination of this registration option would result in a 10 percent (or \$15,498) increase in revenue from these vehicles.

Component No. 2 - Minnesota tax schedules are reduced for vehicles seven years old and older.

A one percent sample of Minnesota-based power units indicates that 8 percent are seven or more years old. It is estimated that in Fiscal Year 1975 these 983 vehicles (8 percent of 12,326) paid \$309,974. Requiring these vehicles to register according to Schedule I rather than Schedule II would result in an estimated increase in revenue of \$206,649.

Component No. 3 - Foreign-based prorate vehicles are also eligible for the reduced tax schedule after seven years.

A one percent sample of foreign-based prorate power units indicates that 6 percent are seven or more years old. It is estimated that in Fiscal Year 1975 these 3,038 vehicles (6 percent of 37,893) paid \$232,675. Requiring these vehicles to register according to Schedule I rather than Schedule II would result in an estimated increase in revenue of \$155,116.

The total estimated revenue increase would be  $\$15,498 + \$206,649 + \$155,116 = \$377,263$ .

To implement this recommendation, we suggest the following amendments to Chapter 168:

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1974, Section 168.187, Subdivision 10, is amended to read:

Subd. 10. [FEES FOR PROPORTIONAL REGISTRATION.] (1) "Total fleet miles" means the total number of miles operated in all states during the preceding year by the motor vehicles in a fleet during such year.

(2) "In-state miles" means the total number of miles operated in this state during the preceding year by the motor vehicles in a fleet during such year.

(3) The registration fees for proratable vehicles of a fleet based in another state shall be determined by computing fees in Schedule I of Section 168.013, Subd. 1e, and shall be determined as follows:

(A) Divide in-state miles by total fleet miles.

(B) Determine the total amount which would be required under the laws of this state for full registration of each and every vehicle in the fleet, at the regular annual or applicable fees, for the unexpired portion of the registration year using Schedule I under Section 168.013, Subd. 1e.

(C) Multiply the sum obtained under clause (3) (B) of this subdivision by the quotient obtained under clause (3) (A) of this subdivision.

(4) The registration fees for proratable vehicles of a fleet based in this state shall be determined as follows:

(A) Divide in-state miles plus all other fleet miles not subjected to charges in other states nor declared for other prorate agreement states by total fleet miles.

(B) Determine the total amount which would be required under the laws of this state for full registration of each and every vehicle in the fleet, at the regular annual or applicable fees for the unexpired portion of the registration year using Schedule I of Section 168.013, Subd. 1e.

(C) Multiply the sum obtained under clause (4) (B) of this subdivision by the quotient under clause (4) (A) of this subdivision.

(5) The provisions of this section shall constitute complete authority for the registration of the proratable vehicles of a fleet upon a proportional registration basis without reference to or application of any other statutes of this state except as in this section expressly provided.

- REC. 10. Establish a single class with a maximum gross weight of 27,000 pounds for all farm trucks. This recommendation would provide two tax classes for farm-use trucks, according to age (1 to 6, over 6 years), replacing 24 existing classes. It would also prohibit use of a farm license plate on vehicles with registered gross weights exceeding 27,000 pounds and require these vehicles to register in the "Y" class. It is felt that the original intent of discounted taxes for farm vehicles was to help the small farmer in his business; small farmers rarely operate vehicles over 27,000 pounds gross weight -- these are used by large farm corporations. Under this recommendation, the latter would pay vehicle taxes identical to those of other commercial truck-owners. Start-up costs of \$8,000 are projected to pay for computer programming and plate/sticker revisions. Projected annual revenues are over \$3 million.

#### PROPOSED FARM CLASS REGISTRATION FEES

<u>FIRST SIX YEARS</u>					<u>SEVENTH YEAR AND OLDER</u>		
<u>GROSS WEIGHT</u>	<u>FEE</u>	<u>NO. OF VEHICLES</u>	<u>ANTICIPATED REVENUE</u>		<u>FEE</u>	<u>NO. OF VEHICLES</u>	<u>ANTICIPATED REVENUE</u>
0 - 27,000	\$ 22	21,654	\$476,388		\$ 17	72,585	\$1,233,945
27,001 - 33,000	230	1,820	418,600		138	6,811	939,918
33,001 - 39,000	320	626	200,320		192	2,515	482,880
39,001 - 45,000	420	1,855	779,100		252	2,337	588,924
45,001 - 51,000	540	1,028	555,120		324	672	217,728
51,001 - 57,000	690	171	117,990		414	285	117,990

GROSS WEIGHT	FIRST SIX YEARS			SEVENTH YEAR AND OLDER		
	FEE	NO. OF VEHICLES	ANTICIPATED REVENUE	FEE	NO. OF VEHICLES	ANTICIPATED REVENUE
57,001 - 63,000	\$ 830	26	\$ 21,580	\$498	31	\$ 15,483
63,001 - 69,000	970	8	7,760	582	25	14,550
69,001 - 75,000	1,050	113	118,650	630	193	121,590
75,001 & over	1,176*	52*	61,152*	756*	55*	41,580*
		27,353	\$2,756,660		85,509	\$3,774,543
TOTAL PROJECTED REVENUE			\$6,531,203			
TOTAL PRESENT REVENUE			\$3,159,736			

\*Estimated Average

To implement this recommendation, we suggest the following amendments to Chapter 168:

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1974, Section 168.013, Subdivision 1, is amended to read:

Subd. 1. [FARM TRUCKS.] On farm trucks, the tax shall be based on total gross weight and shall be 30 percent of the Minnesota base rate prescribed by subdivision 1e under Schedule I during each of the first six years of vehicle life, but in no event less than \$10, and during the seventh and succeeding years of vehicle life as taken from Schedule II, but in no event less than \$11 not to exceed a maximum of 27,000 pounds and shall be \$22 during each of the first six years of vehicle life and during the seventh and succeeding years of vehicle life shall be \$17. In addition to such gross weight tax imposed on a truck-tractor or truck used as a truck-tractor, each semi-trailer shall be taxed an annual flat fee of \$10.

- REC. 11. Establish a single class with a maximum gross weight of 27,000 pounds for all urban-class vehicles. This recommendation, with projected annual revenue increases of more than \$900,000, restricts the urban-class registration to lighter vehicles in much the same way as the previous recommendation. It retains the original intent of the law -- allowing discounted tax rates for smaller urban-located delivery-type businesses whose vehicles must be operated at slower speeds and interrupted by traffic controls, both adding expense to vehicle operations.

The owners of larger vehicles, which are now restricted to truck routes in urban areas, have high-speed, non-stop operating available via our freeway systems and do not incur the extra expenses of urban-street travel; they do not need discounted taxes and should be taxed according to the same rates as all other commercial vehicles in the state. Vehicles in excess of 27,000 pounds would be required to register in the "Y" class. Approximately \$5,000 would be needed for computer programming to implement this proposal.

# PROPOSED URBAN CLASS REGISTRATION FEES

GROSS WEIGHT <sup>1</sup>	FIRST SIX YEARS			SEVENTH YEAR AND OLDER		
	FEE	NO. OF VEHICLES	ANTICIPATED REVENUE	FEE	NO. OF VEHICLES	ANTICIPATED REVENUE
0 - 27,000	\$ 45	206	\$ 9,270	\$ 26	347	\$ 9,022
27,001 - 33,000	230	280	64,400	138	274	37,812
33,001 - 39,000	320	934	298,880	192	603	115,776
39,001 - 45,000	420	462	194,040	252	493	124,236
45,001 - 51,000	540	191	103,140	324	360	116,640
51,001 - 57,000	690	73	50,370	414	207	85,698
57,001 - 63,000	830	47	39,010	498	79	39,342
63,001 - 69,000	970	18	17,460	582	15	8,730
69,001 - 75,000	1,050	9	9,450	630	10	6,300
TOTAL		2,220	\$786,020		2,388	\$543,556
TOTAL PROJECTED REVENUE			\$1,329,576			
TOTAL ESTIMATED PRESENT REVENUE			\$412,074			

<sup>1</sup>Projected Gross Weight Based on Empty Weight

To implement this recommendation, we suggest the following amendment to Chapter 168:

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1974, Section 168.013, Subdivision 1e, is amended to read:

Subd. 1e. [TRUCKS; TRACTORS; COMBINATIONS; EXCEPTION.] On all trucks and tractors except those in this chapter defined as farm trucks, and urban trucks, and on all truck-tractor and semi-trailer combinations except those defined as farm combinations and urban combinations, the tax based on total gross weight during the first six years of vehicle life shall be graduated according to Schedule I of the Minnesota base rate prescribed in this subdivision, but in no event less than \$28, and during the seventh and succeeding years of vehicle life the tax shall be graduated according to Schedule II of this subdivision, but in no event less than \$17.

## MINNESOTA BASE RATE

Scheduled taxes include five percent surtax provided for in Section 168.013, subdivision 14.

TOTAL GROSS WEIGHT IN POUNDS	SCHEDULE I Tax	SCHEDULE II Tax
A 0 - 1,500	\$ 5.00	\$ ----
B 1,501 - 3,000	9.00	----

C	3,001 - 4,500	14.00	8.00
D	4,501 - 6,000	19.00	11.00
E	6,001 - 9,000	28.00	17.00
F	9,001 - 12,000	39.00	23.00
G	12,001 - 15,000	62.00	37.00
H	15,001 - 18,000	86.00	52.00
I	18,001 - 21,000	114.00	68.00
J	21,001 - 27,000	158.00	95.00
K	27,001 - 33,000	230.00	138.00
L	33,001 - 39,000	320.00	192.00
M	39,001 - 45,000	420.00	252.00
N	45,001 - 51,000	540.00	324.00
O	51,001 - 57,000	690.00	414.00
P	57,001 - 63,000	830.00	498.00
Q	63,001 - 69,000	970.00	582.00
R	69,001 - 75,000	1,050.00	630.00

For each vehicle with a gross weight in excess of 75,000 pounds the tax paid shall be \$36 for each ton or fraction thereof in excess of 75,000 pounds, subject to provisions of section 168.013, subdivision 12.

Provided however, that on all trucks, except those in this chapter defined as farm trucks and urban trucks, having a gross weight in excess of 18,000 pounds but less than 27,001 pounds, the tax shall be:

~~(a) For the registration year 1976, 70 percent of the applicable Schedule I or Schedule II of this subdivision;~~

~~(b) (a)~~ For the registration year 1977, 80 percent of the applicable Schedule I or Schedule II of this subdivision;

~~(c) (b)~~ For the registration year 1978, 90 percent of the applicable Schedule I or Schedule II of this subdivision;

~~(d) (c)~~ For the registration year 1979 and thereafter, 100 percent of the applicable Schedule I or Schedule II of this subdivision.

On vehicles having a gross weight in excess of 27,000 pounds, and used for the transportation of livestock or unprocessed and raw farm products shall be taxed at 90 percent of the Minnesota base rate prescribed by this subdivision under Schedule I during each of the first six years of vehicle life and during the seventh and succeeding years of vehicle life as taken from Schedule II provided the gross receipts derived from such use equal or exceed 60 percent of the owner's total gross receipts from the operation of such vehicle during the 12 month period immediately preceding the date set by law for the reregistration of such vehicle. The owner shall furnish such information as the registrar may require, including sworn statements of fact, and the registrar shall thereupon determine whether such owner comes within the provisions of this paragraph.

If an owner has not used such vehicle for the transportation of livestock or unprocessed and raw farm products so as to be able to report gross receipts for the 12-month period as herein set forth, he may, nevertheless, apply for registration hereunder and pay the reduced tax and the registrar shall, after consideration of the established facts, determine whether such owner is entitled to have such registration approved.

If an owner fails to operate under the conditions and limitations herein set forth, he shall immediately notify the registrar of such fact and pay the difference between the scheduled gross weight tax and the reduced tax proportionate to the number of months remaining in the year, 1/12 of the difference for each month or fraction thereof, beginning with the month in which such operations were discontinued or changed.

If an owner first uses such vehicle for the transportation of livestock and unprocessed and raw farm products after the tax becomes due without reduction, no adjustment or refund of tax shall be made during that calendar year for reasons of transporting livestock and unprocessed and raw farm products.

All truck-tractors except those herein defined as farm and urban truck-tractors shall be taxed in accord with the foregoing gross weight tax schedule on the basis of the combined gross weight of such truck-tractor and any semi-trailer or semi-trailers which the applicant proposes to combine with the truck-tractor. In addition to such gross weight tax imposed on the truck-tractor, each semi-trailer shall be taxed an annual flat fee of \$10.

Urban trucks include only all trucks and all truck-tractors and semi-trailers used exclusively in transporting property within the metropolitan area consisting of Hennepin, Ramsey, Scott, Dakota, Anoka, Washington and Carver counties, or within the corporate limits of any city or contiguous cities or within one mile of cities of the first and second class. For the purposes of this clause a land area ceded to the United States of America under General Laws 1889, Chapter 57, is a statutory city. The vehicle shall not be operated outside the metropolitan area or corporate limits of such city, or contiguous cities, or beyond one mile of the cities of the first and second class; except that the registrar may, by special permit, authorize the permanent removal of such vehicle from any registration area to another. The license plates issued therefor shall be plainly marked. On urban trucks and combinations the tax shall be based on total gross weight and shall be ~~30 percent of the Minnesota base rate prescribed in this subdivision under Schedule I during each of the first six years of vehicle life, but in no event less than \$19, and during the seventh and succeeding years of vehicle life as taken from Schedule II, but in no event less than \$11~~ not to exceed a maximum of 27,000 pounds and shall be \$45 during each of the first six years of vehicle life, and during the seventh and succeeding years of vehicle life shall be \$26. In addition to such gross weight tax imposed on the truck-tractor, each semitrailer shall be taxed an annual flat fee of \$10. Provided that on vehicles used by an authorized local cartage carrier operating under a permit issued pursuant to section 221.296 and whose gross transportation revenue consist of at least 60 percent obtained solely from local cartage carriage, shall be taxed at 90 percent of the prescribed urban truck and combination rates for the life of the vehicle during each year such vehicle is used, provided that the gross revenues obtained from transportation services is obtained from local cartage carriage is at least 60 percent of all revenue obtained from transportation services by said person; and provided further, that said tax shall in no event be less than \$10.

**PART III**

**Recommendation 12**

- REC. 12. In addition, State Representative Richard Lenke, as chairman of the House Transportation Committee's Subcommittee on Highways, requested that quarterly truck registration be included in the vehicle registration study required by Chapter 39 (Attachment 1).

In order to evaluate this request, information was collected on similar systems in other states. The sources used were data provided by other states in response to a request from the House Research Unit, data developed from Polk's Motor Vehicle Registration Manual, R. L. Polk and Company, Detroit, Michigan, and Road User and Property Taxes (1973), U. S. Department of Transportation, Federal Highway Administration, Washington, D.C.

Using the data from these sources (See Table I on next page) an attempt was made to find a state or states which had such a system and would be approximately comparable to Minnesota in terms of total taxes on the vehicle, vehicle population, and other criteria in order to answer the questions posed.

#### CLASSES OR TYPES OF VEHICLES ELIGIBLE

Since the registration taxes assessed against motor vehicles in Minnesota are "in lieu of all other taxes" on the vehicle, the Legislature has adopted a policy of assessing a minimum tax for vehicles. Assuming this policy continues and the minimum tax rates are not changed, the threshold of eligibility for registration by quarters would be the annual tax equivalent to four times the minimum tax for a particular vehicle. Using the existing tax rates, eligibility would be as follows:

TABLE II

CLASS	Minimum Tax	Minimum Tax	Four times Minimum Tax		Equivalent GW	Eligible Vehicles	% of Class
	1-6 yrs.	7 & older	1-6	7 & older			
Farm trucks	\$19	\$11	\$ 76	\$44	39,000	6,113	5.4
Sp. rec. vehicles	14	8	56	32	15,000	1,222	6.1
Urban trucks	19	11	76	44	39,000	2,567**	55.7
Y trucks	28	17	112	68	21,000	45,766	10.3
Prorate trucks*	39	23	156	92	27,000	10,882	96.4

\* Minimum gross weight for a prorated vehicle is 12,000 pounds.

\*\*Estimated

Table II shows the number of vehicles which could qualify for registration by quarters using the 1976 registration figures and the current statutory minimum taxes. The actual number of vehicles which could qualify could be reduced since, in addition to the statutory minimum, all the classes except the recreational vehicles must also register for a minimum gross weight of one and one-half times the empty weight. The number of eligibles could be increased by registering for a higher gross weight in order to be eligible.

In addition to the minimum tax criteria only vehicles which pay the full annual tax should be permitted to register on a quarterly basis. This would eliminate the Urban, Farm and Prorate classes.



TABLE I

STATE	TRUCK POPULATION	REGISTRATION TAX	PROPERTY TAX	OTHER VEHICLE TAXES*	RESTRICTION ON QUARTERLY	HANDLING AND ADMIN. FEE	TAX RATE
Arkansas	383,167	Yes	Yes	No	over 6,000 lbs.	\$5	1/2 annual fee
Calif.	2,379,693	Yes	No	Yes	Commercial vehicles only	\$3	1/4 annual wt. fee only
Conn.	139,577	Yes	Yes	No	---	---	1/2 annual fee
Delaware	55,106	Yes	No	No	--	\$1	1/4 annual fee
Florida	839,462	Yes	No	Yes	---	\$5	1/2 annual fee
Minnesota	553,001	Yes	No	No	---	---	---
Montana	212,318	Yes	Yes	Yes	over 24,000 lbs.	\$1	1/4 annual fee
So. Dak.	165,799	Yes	No	Yes	**		\$75 permit
Utah	211,161	Yes	Yes	No	---	---	Varies
Virginia	484,835	Yes	Yes	No	---	\$5	1/4 annual fee
Wash.	508,029	Yes	No	Yes	over 20,000 lbs.	\$1.50	1/4 annual tonnage fee only
Wisc.	441,884	Yes	No	No	over 8,000	\$1	1/4 annual fee

\* Does not include gas or diesel fuel taxes.

\*\* For non-resident vehicles only

### ESTIMATED REVENUE LOSS

In order to estimate the revenue loss, it is appropriate to review the "total tax" load imposed on vehicles permitted to register for quarterly periods and which portions of the "total tax" load may be prorated in such a manner. (Although fuel taxes represent a substantial portion of the tax load, they are excluded from this discussion since they are already collected on a "use" basis.) It is also important to note that in those states which permit registration on a quarterly basis, only the registration tax portion of the total tax load is prorable. Further, in two states, California and Washington, only a portion of the registration tax is prorable. From Table I it can be seen that only the states of Delaware and Wisconsin have total tax structures similar to Minnesota and might be expected to suffer similar "revenue losses" due to a registration by quarters system.

Since the data supplied by these states were not sufficient to determine this loss, an alternate method was devised. Using the eligibility criteria already developed, lost-revenue estimates were made for twelve hypothetical situations: 25 percent, 50 percent, 75 percent and 100 percent of the 45,766 eligible "Y" class vehicles registering for one, two or three quarters only. For example, if 25 percent of all eligible vehicles registered for three quarters (i.e., skipped one quarter of registration) the estimated loss of revenue is \$633,000. These data are shown in Table III and depicted graphically in Figure I (next page).

These "revenue losses" developed using this method were generated using the following assumptions:

1. The quarterly tax rate is equal to one-fourth the annual rate.
2. Eligible users are evenly distributed over the gross weight ranges.
3. Eligible users register for the same gross weight as in 1976.
4. There are no increases or decreases of gross weight.
5. There are no changes of class.
6. Eligible users receive no other tax reduction privileges.

TABLE III

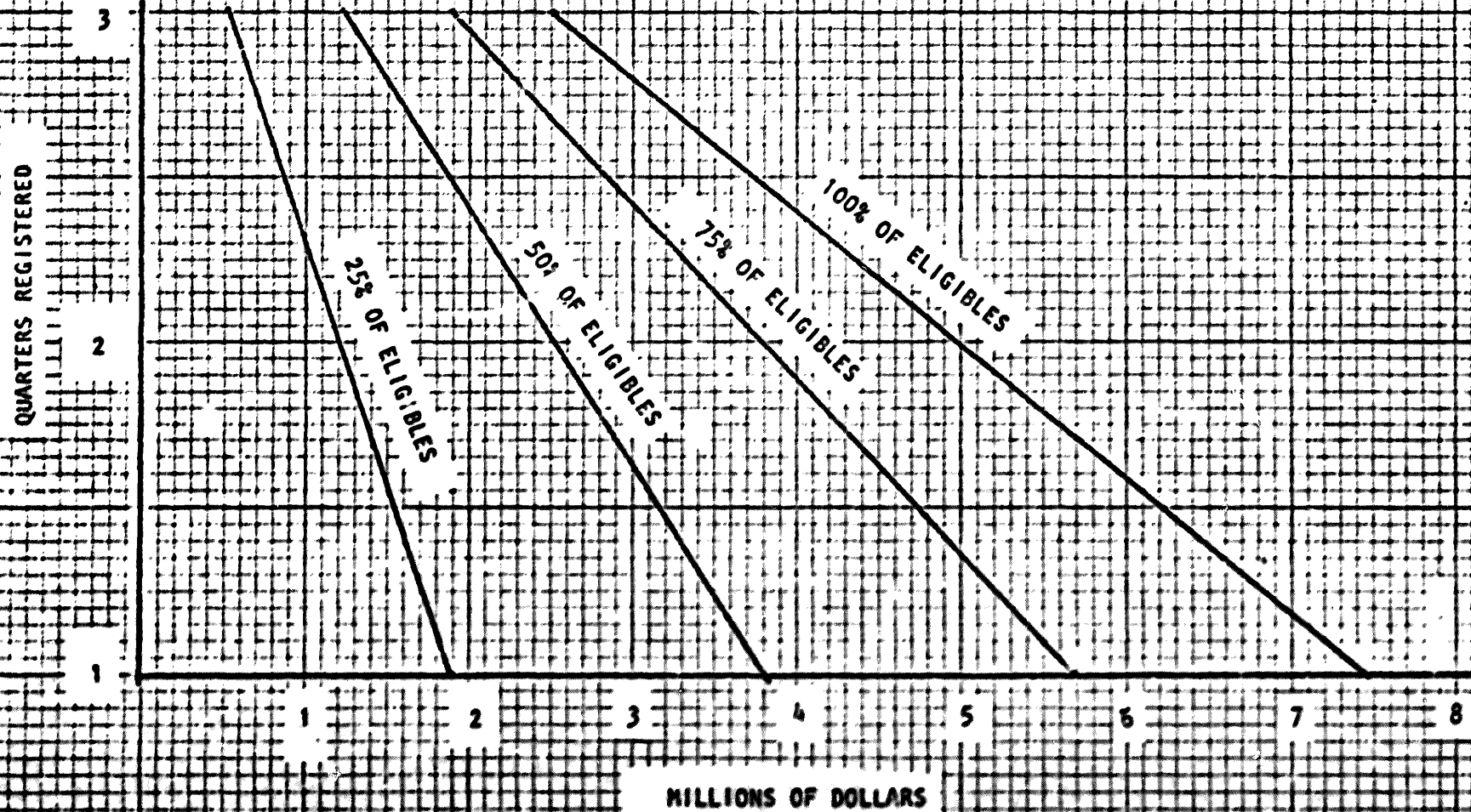
#### ESTIMATED REVENUE LOSS - "Y" CLASS ONLY

X Eligibles	Number of Eligibles	<u>QUARTERS REGISTERED</u>		
		3	2	1
25	11,441	\$ 633,000	\$1,266,000	\$1,899,000
50	22,882	1,266,000	2,533,000	3,798,000
75	34,324	1,899,000	3,798,000	5,697,000
100	45,766	2,532,000	5,064,000	7,596,000

### OTHER REVENUE CONSIDERATIONS

In order to minimize the revenue loss associated with a quarterly registration system, vehicles registered under such a system should not be eligible for any other provision of the registration law which would provide an additional tax reduction. These vehicles should not be eligible for partial payment privileges, the 10 percent tax reduction of M.S. 168.013, Subdivision 1e, refunds prorated

FIGURE 1  
REVENUE LOSS (ESTIMATED)  
"Y" CLASS ONLY



by month, or changes of class within a quarter. In addition, the registration should expire on the last day of the quarter with no grace period or extension, no changes of gross weight or class should be permitted within a quarter and quarterly registrations should not be proratable by month.

#### ENFORCEMENT OF QUARTERLY REGISTRATION SYSTEM

Provided that the privilege of registration for one or more quarters is limited to only a few registration classes and has high eligibility requirements within each class, it would be feasible to designate vehicles registered on this basis by issuing a plate with distinctive reflective material, distinctive numbers and distinctive stickers. If all these items can be incorporated into the plate, Minnesota law enforcement agencies should have few enforcement problems.

#### ADDITIONAL FEE FOR ADMINISTRATIVE HANDLING

It would appear that the \$3 fee specified in M.S. 168.013, Subdivision 12, charged for registration changes should be adequate to cover the costs on a per-filing basis.

#### CURRENT REGISTRATION CHANGES

Below are described several cases wherein the registration of a vehicle could be legally manipulated to result in a lower than expected tax.

Vehicle: A 1969 3-axle truck-tractor with an empty weight of 18,000 pounds.

Tax: The annual "Y" class tax for 75,000 pounds gross weight is \$630.

##### Registration Changes:

January through May registered in the urban class at 27,000 pounds.

June through December registered in the "Y" class at 75,000 pounds and claiming the 10 percent reduction of M.S. 168.013 (1e).

##### Actual Tax Computation:

Five months, urban class at 27,000  $(5/12 \times 29) = \$12.08$

Seven months, "Y" class at 75,000  $(7/12 \times 567) = \$330.75$

TOTAL \$342.83

On the last day of October the registration is converted to the urban class and a refund of \$141.75 is issued.

Total tax paid is  $\$342.83 - \$141.75 = \$201.08$ .

This vehicle was registered for 75,000 pounds for 58 percent of the calendar year and paid 31.9 percent of the comparable "Y" class tax.

This same vehicle registered in the farm or urban class under the conditions could register for 75,000 pounds for 58 percent of the year and pay \$86.09 (45.5 percent of the \$189 annual tax).

Again, this same vehicle registered in the "Y" class under the same conditions could register for 75,000 pounds for 58 percent of the year and pay \$343.42 (54.5 percent of the \$630 annual tax).

Similar examples with similar results could be developed for other types of vehicles.

Taking into consideration the "total" tax load on vehicles in Minnesota, the potential for revenue loss and the variety of tax reductions, registration changes and registration privileges already permitted under Minnesota law, it is our conclusion that Minnesota already has a system of registration which provides the "benefits" of a "quarterly" registration system. Therefore, there seems to be no reason to enact legislation specifically for this purpose.

RICHARD R. LEMKE  
DISTRICT 34A  
WABASHA-OLMSTED-WINONA COUNTIES  
ROUTE 1  
LAKE CITY, MINNESOTA 55041



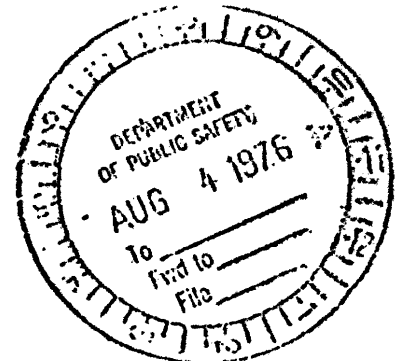
# State of Minnesota

HOUSE OF REPRESENTATIVES

MARTIN OLAV SABO, Speaker

August 3, 1976

COMMITTEES:  
TRANSPORTATION, VICE-CHAIRMAN  
AGRICULTURE  
GOVERNMENTAL OPERATIONS  
301 STATE OFFICE BUILDING  
ST. PAUL, MINNESOTA 55155



Honorable Edward G. Novak, Commissioner  
Department of Public Safety  
211 Highway Building  
St. Paul, Minnesota 55155

Dear Commissioner Novak:

The House Transportation Committee's subcommittee on highways, which I chair, is presently considering the question of whether Minnesota should allow truck owners to register their vehicles for one or more calendar quarters of the year instead of for a full registration year. Under this system owners could register their vehicles for three-month periods for approximately one-fourth of the total annual weight fee, plus an additional fee to cover administrative costs.

I am taking this opportunity to request that you include a study of this system as part of the overall vehicle registration study directed by Laws, 1976, Chapter 39, section 8. I would suggest that such a study include consideration of the following questions:

1. What, if any, revenue loss could be anticipated from this system?
2. To what classes or types of vehicles should it be applied?
3. How should enforcement of a quarterly registration system be handled?
4. What additional fee should be charged for quarterly registration to cover additional handling and administrative costs?



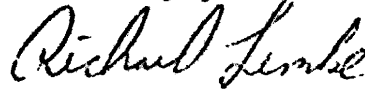
Commissioner Edward G. Novak

August 3, 1976

Page 2

I am sure that the results of such a study would be of great value to the legislature in evaluating this proposal. I will be happy to discuss this subject further with you at any time.

Sincerely yours,

A handwritten signature in cursive script, reading "Richard Lemke".

Richard Lemke  
State Representative

nmw