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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 638

02/01/2021 Authored by Koegel
The bill was read for the first time and referred to the Committee on Transportation Finance and Policy

1.1 A bill for an act
1.2 relating to transportation; imposing a luxury vehicle surcharge on the sale of certain
1.3 motor vehicles; amending Minnesota Statutes 2020, section 297B.02, by adding
1.4 a subdivision.

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

1.6 Section 1. Minnesota Statutes 2020, section 297B.02, is amended by adding a subdivision
1.7 to read:

1.8 Subd. 1a. Luxury vehicle surcharge. (a) A luxury vehicle surcharge is imposed at a
1.9 rate of four percent on the luxury increment of any motor vehicle that is subject to (1) the
1.10 tax imposed under subdivision 1, and (2) registration under chapter 168 as a passenger
1.11 automobile, as defined in section 168.002, subdivision 24; a noncommercial vehicle, as
1.12 defined in section 168.002, subdivision 21a; or a recreational vehicle, as defined in section
1.13 168.002, subdivision 27. The surcharge is in addition to the tax imposed under subdivision
1.14 1.

1.15 (b) The "luxury increment" is the greater of zero or the amount calculated as follows:

1.16 (1) the purchase price of the motor vehicle; minus

1.17 (2) 200 percent of the most recent average purchase price of all motor vehicles subject
1.18 to registration under chapter 168 for the vehicle classification of passenger automobile,
1.19 noncommercial vehicle, or recreational vehicle, as appropriate.

1.20 (c) After July 1 but before August 31 annually, the commissioner must revise the average
1.21 purchase prices used in the calculation of the luxury increment under paragraph (b), clause
1.22 (2), separately for each relevant vehicle classification. The commissioner must use sales

2.1 data from the previous fiscal year. Each revised average purchase price is effective for sales  
2.2 and purchases made on or after October 1 in that year.

2.3 (d) For purposes of this chapter, a reference to the tax under subdivision 1 is inclusive  
2.4 of the luxury vehicle surcharge.

2.5 **EFFECTIVE DATE.** This section is effective July 1, 2021, for sales and purchases on  
2.6 or after October 1, 2021.