

**SENATE**  
**STATE OF MINNESOTA**  
**NINETY-THIRD SESSION**

**S.F. No. 671**

(SENATE AUTHORS: DIBBLE)

DATE	D-PG	OFFICIAL STATUS
01/25/2023	369	Introduction and first reading Referred to Transportation
03/14/2023	1709a	Comm report: To pass as amended and re-refer to Taxes See HF2887

1.1 A bill for an act

1.2 relating to transportation; sales and use taxation; modifying the rental motor vehicle

1.3 tax and fee; creating an account; transferring money; appropriating money;

1.4 amending Minnesota Statutes 2022, sections 297A.64, subdivisions 1, 2; 297A.94;

1.5 proposing coding for new law in Minnesota Statutes, chapter 174.

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

1.7 Section 1. **[174.46] DISADVANTAGED COMMUNITIES CARSHARING GRANT**

1.8 **ACCOUNT; GRANTS.**

1.9 (a) The disadvantaged communities carsharing grant account is established in the special

1.10 revenue fund. The account consists of funds provided by law and any other money donated,

1.11 allotted, transferred, or otherwise provided to the account. Money in the account is annually

1.12 appropriated to the commissioner to make grants as provided in paragraph (b).

1.13 (b) The commissioner must administer a program to provide grants to nonprofit

1.14 organizations or carsharing operators to support the growth of carsharing in disadvantaged

1.15 communities through programs, marketing, and community engagement. A grant recipient

1.16 may use grant proceeds for capital and operational costs of a program. Eligible grant

1.17 recipients must be based in Minnesota and be either a nonprofit organization or carsharing

1.18 operator, with a preference given to nonprofit carsharing operators. Transportation

1.19 management organizations are not eligible to receive grants under this section.

1.20 **EFFECTIVE DATE.** This section is effective July 1, 2023.

2.1 Sec. 2. Minnesota Statutes 2022, section 297A.64, subdivision 1, is amended to read:

2.2 Subdivision 1. **Tax imposed.** (a) A tax is imposed on the lease or rental in this state for  
2.3 not more than 28 days of a passenger automobile as defined in section 168.002, subdivision  
2.4 24, a van as defined in section 168.002, subdivision 40, or a pickup truck as defined in  
2.5 section 168.002, subdivision 26. The rate of tax is 9.2 percent of the sales price. The tax  
2.6 applies whether or not the vehicle is licensed in the state.

2.7 (b) The provisions of paragraph (a) do not apply to the vehicles of a nonprofit corporation  
2.8 or similar entity, consisting of individual or group members who pay the organization for  
2.9 the use of a motor vehicle, if the organization:

2.10 (1) owns, leases, or operates a fleet of vehicles of the type subject to the tax under this  
2.11 subdivision that are available to its members for use, priced on the basis of intervals of one  
2.12 hour or less;

2.13 (2) parks its vehicles in the public right-of-way or at unstaffed, self-service locations  
2.14 that are accessible at any time of the day; and

2.15 (3) maintains its vehicles, insures its vehicles on behalf of its members, and purchases  
2.16 fuel for its fleet.

2.17 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
2.18 30, 2023.

2.19 Sec. 3. Minnesota Statutes 2022, section 297A.64, subdivision 2, is amended to read:

2.20 Subd. 2. **Fee imposed.** (a) A fee equal to five percent of the sales price is imposed on  
2.21 leases or rentals of vehicles subject to the tax under subdivision 1. The lessor on the invoice  
2.22 to the customer may designate the fee as "a fee imposed by the State of Minnesota for the  
2.23 registration of rental cars."

2.24 (b) The provisions of this subdivision do not apply to the vehicles of a nonprofit  
2.25 corporation or similar entity, consisting of individual or group members who pay the  
2.26 organization for the use of a motor vehicle, if the organization:

2.27 (1) owns or leases a fleet of vehicles of the type subject to the tax under subdivision 1  
2.28 that are available to its members for use, priced on the basis of intervals of one hour or less;

2.29 (2) parks its vehicles in the public right-of-way or at unstaffed, self-service locations  
2.30 that are accessible at any time of the day; and

2.31 (3) maintains its vehicles, insures its vehicles on behalf of its members, and purchases  
2.32 fuel for its fleet; ~~and~~

3.1 ~~(4) does not charge usage rates that decline on a per unit basis, whether specified based~~  
3.2 ~~on distance or time.~~

3.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
3.4 30, 2023.

3.5 Sec. 4. **TRANSFER.**

3.6 \$500,000 in fiscal year 2024 and \$500,000 in fiscal year 2025 are transferred from the  
3.7 general fund to the disadvantaged communities carsharing grant account under Minnesota  
3.8 Statutes, section 174.46.