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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. **3547**

02/19/2020 Authored by Tabke, Hornstein, Petersburg and Elkins  
The bill was read for the first time and referred to the Transportation Finance and Policy Division  
03/02/2020 Adoption of Report: Amended and re-referred to the Committee on Taxes  
03/12/2020 Adoption of Report: Amended and re-referred to the Committee on Ways and Means without further recommendation

1.1 A bill for an act  
1.2 relating to transportation; amending determination of the motor vehicle registration  
1.3 tax; amending Minnesota Statutes 2018, section 168.013, by adding a subdivision;  
1.4 Minnesota Statutes 2019 Supplement, section 168.013, subdivision 1a.

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

1.6 Section 1. Minnesota Statutes 2019 Supplement, section 168.013, subdivision 1a, is  
1.7 amended to read:

1.8 Subd. 1a. **Passenger automobile; hearse.** (a) On passenger automobiles as defined in  
1.9 section 168.002, subdivision 24, and hearses, except as otherwise provided, the registration  
1.10 tax is calculated as \$10 plus an additional tax equal to:

1.11 (1) for a vehicle initially registered in Minnesota prior to the effective date of this section,  
1.12 1.25 percent of the ~~base value.~~ manufacturer's suggested retail price of the vehicle, subject  
1.13 to the adjustments in paragraphs (f) and (g); or

1.14 (2) for a vehicle initially registered in Minnesota on or after the effective date of this  
1.15 section, 1.28 percent of the manufacturer's suggested retail price of the vehicle, subject to  
1.16 the adjustments in paragraphs (f) and (g).

1.17 ~~(b) Subject to the classification provisions herein, "Base value" means the manufacturer's~~  
1.18 ~~suggested retail price of the vehicle including destination charge using list price information~~  
1.19 ~~published by the manufacturer or determined by the registrar if no suggested retail price~~  
1.20 ~~exists, and shall~~ The registration tax calculation must not include the cost of each accessory  
1.21 or item of optional equipment separately added to the vehicle and the manufacturer's  
1.22 suggested retail price. The registration tax calculation must not include a destination charge,

2.1 except for a vehicle previously registered in Minnesota prior to the effective date of this  
 2.2 section.

2.3 (c) In the case of the first registration of a new vehicle sold or leased by a licensed dealer,  
 2.4 the dealer may elect to individually determine the ~~base value of~~ registration tax on the  
 2.5 vehicle using manufacturer's suggested retail price information provided by the manufacturer.  
 2.6 ~~The registrar must use the base value determined by the dealer to properly classify the~~  
 2.7 ~~vehicle. The registrar must use the manufacturer's suggested retail price determined by the~~  
 2.8 ~~dealer as provided in paragraph (d).~~ A dealer that elects to make the determination must  
 2.9 retain a copy of the manufacturer's suggested retail price label or other supporting  
 2.10 documentation with the vehicle transaction records maintained under Minnesota Rules, part  
 2.11 7400.5200.

2.12 ~~(e) If the manufacturer's list price information contains a single vehicle identification~~  
 2.13 ~~number followed by various descriptions and suggested retail prices, the registrar shall~~  
 2.14 ~~select from those listings only the lowest price for determining base value.~~

2.15 ~~(d) If unable to determine the base value because the vehicle is specially constructed,~~  
 2.16 ~~or for any other reason, the registrar may establish such value upon the cost price to the~~  
 2.17 ~~purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales~~  
 2.18 ~~or use tax or any local sales or other local tax.~~

2.19 ~~(e) The registrar shall classify every vehicle in its proper base value class as follows:~~

2.20	FROM	TO
2.21	\$ 0	\$ 199.99
2.22	\$ 200	\$ 399.99

2.23 ~~and thereafter a series of classes successively set in brackets having a spread of \$200~~  
 2.24 ~~consisting of such number of classes as will permit classification of all vehicles.~~

2.25 ~~(f) The base value for purposes of this section shall be the middle point between the~~  
 2.26 ~~extremes of its class.~~

2.27 ~~(g) (d) The registrar shall establish the base value, when new, of every passenger~~  
 2.28 ~~automobile and hearse registered prior to the effective date of Extra Session Laws 1971,~~  
 2.29 ~~chapter 31, must determine the manufacturer's suggested retail price:~~

2.30 (1) using list price information published by the manufacturer or any nationally  
 2.31 recognized firm or association compiling such data for the automotive industry;

2.32 (2) if the list price information is unavailable, then using the amount determined by a  
 2.33 licensed dealer under paragraph (c);

3.1 (3) if a dealer does not determine the amount, then using the retail price label as provided  
3.2 by the manufacturer under United States Code, title 15, section 1232; or

3.3 (4) if the retail price label is not available, then using the actual sales price of the vehicle.

3.4 If the registrar is unable to ascertain the ~~base value~~ manufacturer's suggested retail price of  
3.5 any registered vehicle in the foregoing manner, the registrar may use any other available  
3.6 source or method.

3.7 (e) The registrar ~~shall~~ must calculate the registration tax using ~~base value~~ information  
3.8 available to dealers and deputy registrars at the time the initial application for registration  
3.9 is submitted. ~~The tax on all previously registered vehicles shall be computed upon the base~~  
3.10 ~~value thus determined taking into account the depreciation provisions of paragraph (h).~~

3.11 ~~(h)~~ (f) The ~~annual additional tax~~ amount under paragraph (a), clauses (1) and (2), must  
3.12 ~~be computed upon~~ calculated based on a percentage of the ~~base value~~ manufacturer's  
3.13 suggested retail price, as follows: during the first year of vehicle life, upon 100 percent of  
3.14 the ~~base value~~ price; for the second year, 90 percent of ~~such value~~ the price; for the third  
3.15 year, 80 percent of ~~such value~~ the price; for the fourth year, 70 percent of ~~such value~~ the  
3.16 price; for the fifth year, 60 percent of ~~such value~~ the price; for the sixth year, 50 percent of  
3.17 ~~such value~~ the price; for the seventh year, 40 percent of ~~such value~~ the price; for the eighth  
3.18 year, 30 percent of ~~such value~~ the price; for the ninth year, 20 percent of ~~such value~~ the  
3.19 price; and for the tenth year, ten percent of ~~such value~~; the price.

3.20 (g) For the 11th and each succeeding year, the ~~sum of~~ amount under paragraph (a),  
3.21 clauses (1) and (2), must be calculated as \$25.

3.22 ~~(i) In no event shall the annual additional tax be less than \$25.~~

3.23 ~~(j)~~ (h) Except as provided in subdivision 23, for any vehicle previously registered in  
3.24 Minnesota and regardless of prior ownership, the total amount due under this subdivision  
3.25 and subdivision 1m must not exceed the smallest total amount previously paid or due on  
3.26 the vehicle.

3.27 **EFFECTIVE DATE.** Paragraphs (a) to (g) are effective January 1, 2021, or upon  
3.28 deployment of the necessary changes to the replacement motor vehicle title and registration  
3.29 information system, whichever is earlier, and apply to taxes payable for a registration period  
3.30 starting on or after that date. The commissioner of public safety must notify the revisor of  
3.31 statutes of the implementation date. Paragraph (h) is effective July 1, 2020.

4.1 Sec. 2. Minnesota Statutes 2018, section 168.013, is amended by adding a subdivision to  
4.2 read:

4.3 Subd. 23. **Adjustments to registration tax.** (a) Except as provided in this subdivision,  
4.4 the commissioner must not adjust the manufacturer's suggested retail price or destination  
4.5 charge for any vehicle in a subsequent registration period following initial registration in  
4.6 Minnesota.

4.7 (b) The commissioner must adjust the registration tax amount of any vehicle to correct  
4.8 an error or omission that was made in determining or entering the registration tax amount  
4.9 or the destination charge amount. For a vehicle with a registration tax determined based on  
4.10 the actual sales price, the commissioner must adjust the registration tax within two years  
4.11 of the initial registration using one of the methods described in subdivision 1a, paragraph  
4.12 (d), clauses (1) to (3). The adjusted registration tax amount is effective starting with the  
4.13 vehicle's next registration period. The commissioner must not collect any amount that would  
4.14 have been paid but for the error or omission.

4.15 (c) When the commissioner makes an adjustment to the registration tax amount pursuant  
4.16 to this subdivision, the commissioner must mail written notice to the owner of the vehicle  
4.17 stating that an adjustment was made to the registration tax amount, the reason for the  
4.18 adjustment, and contact information so that the owner may call to ask questions.

4.19 **EFFECTIVE DATE.** This section is effective July 1, 2020.