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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 523

01/28/2021 Authored by Elkins, Long and Stephenson
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 road usage charge; requiring a report;
1.3 appropriating money; amending Minnesota Statutes 2020, sections 13.6905, by
1.4 adding a subdivision; 168.002, by adding a subdivision; 168.013, subdivision 1a;
1.5 proposing coding for new law in Minnesota Statutes, chapter 168; repealing
1.6 Minnesota Statutes 2020, section 168.013, subdivision 1m.

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

1.8 Section 1. Minnesota Statutes 2020, section 13.6905, is amended by adding a subdivision
1.9 to read:

1.10 Subd. 36. Road usage charge data. Data related to road usage charges are governed
1.11 by section 168.0135.

1.12 Sec. 2. Minnesota Statutes 2020, section 168.002, is amended by adding a subdivision to
1.13 read:

1.14 Subd. 1a. All-electric vehicle. "All-electric vehicle" has the meaning given in section
1.15 169.011, subdivision 1a.

1.16 Sec. 3. Minnesota Statutes 2020, section 168.013, subdivision 1a, is amended to read:

1.17 Subd. 1a. Passenger automobile; hearse. (a) On passenger automobiles as defined in
1.18 section 168.002, subdivision 24, and hearses, except as otherwise provided, the registration
1.19 tax is calculated as \$10 plus:

1.20 (1) for a vehicle initially registered in Minnesota prior to November 16, 2020, 1.25
1.21 percent of the manufacturer's suggested retail price of the vehicle and the destination charge,
1.22 subject to the adjustments in paragraphs (f) and (g); or

2.1 (2) for a vehicle initially registered in Minnesota on or after November 16, 2020, 1.285
2.2 percent of the manufacturer's suggested retail price of the vehicle, subject to the adjustments
2.3 in paragraphs (f) and (g).

2.4 (b) The registration tax calculation must not include the cost of each accessory or item
2.5 of optional equipment separately added to the vehicle and the manufacturer's suggested
2.6 retail price. The registration tax calculation must not include a destination charge, except
2.7 for a vehicle previously registered in Minnesota prior to November 16, 2020.

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

2.15 (d) The registrar must determine the manufacturer's suggested retail price:

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

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

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

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

2.23 If the registrar is unable to ascertain the manufacturer's suggested retail price of any registered
2.24 vehicle in the foregoing manner, the registrar may use any other available source or method.

2.25 (e) The registrar must calculate the registration tax using information available to dealers
2.26 and deputy registrars at the time the initial application for registration is submitted.

2.27 (f) The amount under paragraph (a), clauses (1) and (2), must be calculated based on a
2.28 percentage of the manufacturer's suggested retail price, as follows: during the first year of
2.29 vehicle life, upon 100 percent of the price; for the second year, 90 percent of the price; for
2.30 the third year, 80 percent of the price; for the fourth year, 70 percent of the price; for the
2.31 fifth year, 60 percent of the price; for the sixth year, 50 percent of the price; for the seventh
2.32 year, 40 percent of the price; for the eighth year, 30 percent of the price; for the ninth year,
2.33 20 percent of the price; and for the tenth year, ten percent of the price.

3.1 (g) For the 11th and each succeeding year, the amount under paragraph (a), clauses (1)
3.2 and (2), must be calculated as \$25.

3.3 (h) Except as provided in subdivision 23, for any vehicle previously registered in
3.4 Minnesota and regardless of prior ownership, the total amount due under this subdivision
3.5 and ~~subdivision 1~~ section 168.0135 must not exceed the smallest total amount previously
3.6 paid or due on the vehicle.

3.7 **EFFECTIVE DATE.** This section is effective July 1, 2022, and applies to a registration
3.8 period starting on or after that date.

3.9 Sec. 4. **[168.0135] ROAD USAGE CHARGE.**

3.10 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
3.11 the meanings given.

3.12 (b) "Account provider" means a person, firm, corporation, or partnership of firms or
3.13 corporations that performs road usage charge management for enrolled vehicle owners and
3.14 usage charge calculation under an agreement with the commissioner.

3.15 (c) "Adjustment rate" means \$0.06.

3.16 (d) "Analogous fuel economy" means an amount of distance traveled by a motor vehicle
3.17 as it relates to fuel consumed by the vehicle, in miles per gallon, that applies for a specific
3.18 vehicle classification and model year.

3.19 Subd. 2. **Usage charge.** (a) The owner of an all-electric vehicle must pay a road usage
3.20 charge. The usage charge is in addition to the tax under section 168.013, subdivision 1a.
3.21 The commissioner must impose the usage charge continuously for each registration period,
3.22 using the relevant calculation under paragraphs (b), (c), or both.

3.23 (b) For a billing period in which account management is active for a vehicle, the usage
3.24 charge is calculated as:

3.25 (1) the miles traveled by the vehicle within Minnesota over the billing period; multiplied
3.26 by

3.27 (2) the total excise tax rate for gasoline under sections 296A.07 and 296A.083, divided
3.28 by the analogous fuel economy, as determined in subdivision 3.

3.29 (c) For a billing period in which paragraph (b) does not apply, the usage charge is
3.30 calculated as:

4.1 (1) the estimated average daily vehicle miles traveled per vehicle in Minnesota, multiplied
 4.2 by the number of days in the billing period; multiplied by

4.3 (2) the total excise tax rate for gasoline under sections 296A.07 and 296A.083, divided
 4.4 by the analogous fuel economy, as determined in subdivision 3; plus

4.5 (3) the adjustment rate, multiplied by the number of days in the billing period.

4.6 (d) The total road usage charge to an enrolled vehicle owner calculated in paragraph (b)
 4.7 for an entire vehicle registration period must not exceed the total that would otherwise apply
 4.8 under a corresponding calculation in paragraph (c).

4.9 (e) The commissioner must estimate vehicle miles traveled under paragraph (c), clause
 4.10 (1), in consultation with the commissioner of transportation, using the most recently available
 4.11 year of data.

4.12 Subd. 3. **Analogous fuel economy.** In consultation with the commissioner of
 4.13 transportation, the commissioner must determine analogous fuel economy that applies to
 4.14 each vehicle under this section. The determination must be based on federal data on
 4.15 automotive trends maintained by the United States Environmental Protection Agency by
 4.16 identifying:

4.17 (1) the vehicle classification that applies to the vehicle, from among the following types
 4.18 or successor types as specified by the Environmental Protection Agency: sedan/wagon, car
 4.19 sport utility vehicle, truck sport utility vehicle, minivan/van, or pickup; and

4.20 (2) for the vehicle classification, the final estimated real-world fuel economy, in miles
 4.21 per gallon, for the model year matching the vehicle that is subject to the usage charge. To
 4.22 the extent feasible, the estimate under this clause must exclude all-electric vehicles.

4.23 Subd. 4. **Implementation surcharge.** (a) In addition to the road usage charge, the
 4.24 commissioner must establish and impose an implementation surcharge. The surcharge must
 4.25 be set so that:

4.26 (1) the resulting annual total revenue from the surcharge does not exceed the annual
 4.27 total amount retained by or paid to account providers;

4.28 (2) it does not exceed \$..... annually per vehicle that is subject to the road usage charge;
 4.29 and

4.30 (3) it is uniform for all vehicles.

4.31 (b) The commissioner may adjust the implementation surcharge on an annual or less
 4.32 frequent basis.

5.1 Subd. 5. Road usage charge management agreement. The commissioner must enter
5.2 into an agreement with one or more account providers to perform road usage charge
5.3 management. The agreement must include specification of:

5.4 (1) account provider responsibility to enroll vehicle owners in usage charge management;

5.5 (2) road usage charge calculation and verification;

5.6 (3) designated responsibility for road usage charge billing, collections, and remittance,
5.7 which may be performed by the commissioner, the account provider, or a combination of
5.8 both;

5.9 (4) policies to determine whether road usage charge management is active for a vehicle;

5.10 (5) policies on prepayment, account balance minimum, and balance replenishment;

5.11 (6) audit activity, which must include providing for revising prior usage charges based
5.12 on submitted odometer information;

5.13 (7) account provider responsibility for customer service;

5.14 (8) road usage charge information that is available to each enrolled vehicle owner, which
5.15 must include vehicle miles traveled over each billing period and an overview of usage charge
5.16 calculation;

5.17 (9) requirements governing terms and conditions for enrolled vehicle owners; and

5.18 (10) standards for data security.

5.19 Subd. 6. Account providers; implementation capability. (a) An account provider must
5.20 be capable of accurately identifying miles traveled by the vehicle within Minnesota, whether
5.21 through a device that is affixed to the vehicle and transmits geolocation information or from
5.22 data supplied by a vehicle manufacturer.

5.23 (b) An account provider must have a reasonable capacity to implement, in the future,
5.24 identification of vehicle miles traveled during specific times of day, over specific road
5.25 segments, within managed lanes, and in a combination of these situations.

5.26 Subd. 7. Account providers; data practices. (a) An account provider must share with
5.27 the commissioner the following data on an enrolled vehicle owner:

5.28 (1) data on the vehicle owner and the vehicle sufficient to identify the appropriate
5.29 matching records in the driver and vehicle services information systems;

5.30 (2) the billing period; and

5.31 (3) the calculated usage charge amount.

6.1 (b) An account provider must submit the data listed in paragraph (a) electronically, in
6.2 the manner and by the date specified by the commissioner.

6.3 (c) An account provider may not share with the commissioner, and the commissioner
6.4 may not otherwise obtain from an account provider, geolocation data for a specifically
6.5 identifiable vehicle.

6.6 (d) An account provider may not share or disseminate data on an enrolled vehicle owner
6.7 with an entity other than the commissioner, except pursuant to a court order.

6.8 (e) Nothing in this subdivision prevents an account provider from sharing or disseminating
6.9 summary data, as defined in section 13.02, subdivision 19.

6.10 (f) Services provided by an account provider under this section are not a government
6.11 function for purposes of section 13.05, subdivision 11.

6.12 (g) An account provider's agreement with the commissioner is subject to section 13.05,
6.13 subdivision 6.

6.14 **Subd. 8. Deposit of revenue; appropriation.** (a) Notwithstanding section 168.013,
6.15 subdivision 8, revenue collected by the commissioner under this section must be deposited
6.16 as follows:

6.17 (1) the amount collected from the implementation surcharge under subdivision 4, in the
6.18 vehicle services operating account; and

6.19 (2) the remainder in the highway user tax distribution fund.

6.20 (b) The amount deposited in the vehicle services operating account under this section
6.21 is annually appropriated to the commissioner for payments to account providers and
6.22 administrative costs incurred by the commissioner.

6.23 **Subd. 9. Legislative report.** (a) By November 15 annually, the commissioner must
6.24 submit a report to the chairs, ranking minority members, and staff of the legislative
6.25 committees with jurisdiction over transportation policy and finance concerning the road
6.26 usage charge. At a minimum, the report must:

6.27 (1) provide an implementation overview, including enrollment activity and vehicle miles
6.28 traveled;

6.29 (2) summarize the agreement with each account provider, including information on each
6.30 of the specification areas identified under subdivision 5;

7.1 (3) review road usage charge finances, including total annual collections, implementation
7.2 surcharge rate and annual collections, analogous fuel economy amounts, and average daily
7.3 vehicle miles traveled estimates; and

7.4 (4) make recommendations, if any, on legislative changes to road usage charge
7.5 requirements.

7.6 (b) This subdivision expires June 30, 2027.

7.7 **EFFECTIVE DATE.** This section is effective July 1, 2022, and applies to a registration
7.8 period starting on or after that date.

7.9 Sec. 5. **ROAD USAGE CHARGE; APPROPRIATION.**

7.10 \$..... in fiscal year 2022 is appropriated from the vehicle services operating account in
7.11 the special revenue fund to the commissioner of public safety for administrative costs to
7.12 implement the road usage charge under Minnesota Statutes, section 168.0135. This is a
7.13 onetime appropriation and is available until June 30, 2023.

7.14 Sec. 6. **REPEALER.**

7.15 Minnesota Statutes 2020, section 168.013, subdivision 1m, is repealed.

7.16 **EFFECTIVE DATE.** This section is effective July 1, 2022.

APPENDIX
Repealed Minnesota Statutes: 21-01831

168.013 VEHICLE REGISTRATION TAXES.

Subd. 1m. **Electric vehicle.** In addition to the tax under subdivision 1a, a surcharge of \$75 is imposed for an all-electric vehicle, as defined in section 169.011, subdivision 1a. Notwithstanding subdivision 8, revenue from the fee imposed under this subdivision must be deposited in the highway user tax distribution fund.