

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 374

(SENATE AUTHORS: NEWTON and Anderson, B.)

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Introduction and first reading
Referred to Veterans and Military Affairs Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to disabled veterans; providing certain exemptions from taxes and fees on
1.3 motor vehicles and watercraft for eligible veterans with a disability, including
1.4 certain registration taxes, license plates and licensing fees, title fees, driver's license
1.5 and identification card fees, and general sales taxes and motor vehicle sales taxes;
1.6 amending Minnesota Statutes 2016, sections 86B.415, by adding a subdivision;
1.7 86B.870, by adding a subdivision; 163.051, subdivision 1; 168.012, by adding a
1.8 subdivision; 168A.29, by adding a subdivision; 171.01, by adding a subdivision;
1.9 171.06, by adding a subdivision; 297A.67, by adding a subdivision; 297B.03.

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

1.11 Section 1. Minnesota Statutes 2016, section 86B.415, is amended by adding a subdivision
1.12 to read:

1.13 Subd. 12. Exemption from fees; certain veterans. The commissioner shall issue a
1.14 watercraft license for a watercraft owned by a veteran with a total service-connected disability
1.15 without imposing any fee under this section, provided that all other requirements for issuing
1.16 the license contained in this chapter are met. For purposes of this subdivision, "veteran with
1.17 a total service-connected disability" has the meaning given in section 171.01, subdivision
1.18 51.

1.19 EFFECTIVE DATE. This section is effective for a registration period beginning on
1.20 or after January 1, 2018.

1.21 Sec. 2. Minnesota Statutes 2016, section 86B.870, is amended by adding a subdivision to
1.22 read:

1.23 Subd. 3a. Exemption from fees; certain veterans. The commissioner shall issue a
1.24 certificate of title for a watercraft to a veteran with a total service-connected disability

2.1 without imposing any fee under this section, provided that all other requirements for issuing
2.2 the certificate of title contained in this chapter are met. For purposes of this subdivision,
2.3 "veteran with a total service-connected disability" has the meaning given in section 171.01,
2.4 subdivision 51.

2.5 **EFFECTIVE DATE.** This section is effective January 1, 2018.

2.6 Sec. 3. Minnesota Statutes 2016, section 163.051, subdivision 1, is amended to read:

2.7 Subdivision 1. **Tax authorized.** (a) Except as provided in paragraph (c), the board of
2.8 commissioners of each county is authorized to levy by resolution a wheelage tax at the rate
2.9 specified in paragraph (b), on each motor vehicle that is kept in such county when not in
2.10 operation and that is subject to annual registration and taxation under chapter 168. The
2.11 board may provide by resolution for collection of the wheelage tax by county officials or
2.12 it may request that the tax be collected by the state registrar of motor vehicles. The state
2.13 registrar of motor vehicles shall collect such tax on behalf of the county if requested, as
2.14 provided in subdivision 2.

2.15 (b) The wheelage tax under this section is at the rate of:

2.16 (1) from January 1, 2014, through December 31, 2017, \$10 per year for each county
2.17 that authorizes the tax; and

2.18 (2) on and after January 1, 2018, up to \$20 per year, in any increment of a whole dollar,
2.19 as specified by each county that authorizes the tax.

2.20 (c) The following vehicles are exempt from the wheelage tax:

2.21 (1) motorcycles, as defined in section 169.011, subdivision 44;

2.22 (2) motorized bicycles, as defined in section 169.011, subdivision 45; ~~and~~

2.23 (3) motorized foot scooters, as defined in section 169.011, subdivision 46; and

2.24 (4) vehicles for which the requirements under section 168.012, subdivision 13, are met.

2.25 (d) For any county that authorized the tax prior to May 24, 2013, the wheelage tax
2.26 continues at the rate provided under paragraph (b).

2.27 **EFFECTIVE DATE.** This section is effective the day following final enactment and
2.28 applies to taxes payable for a registration period starting on or after January 1, 2018.

3.1 Sec. 4. Minnesota Statutes 2016, section 168.012, is amended by adding a subdivision to
3.2 read:

3.3 Subd. 13. **Vehicles registered by certain veterans.** (a) A passenger automobile, one-ton
3.4 pickup truck, motorcycle, or recreational vehicle registered by a veteran with a total
3.5 service-connected disability, as defined in section 171.01, subdivision 51, is not subject to:

3.6 (1) registration taxes under this chapter;

3.7 (2) administrative fees imposed under subdivision 1c;

3.8 (3) filing fees imposed under section 168.33, subdivision 7; and

3.9 (4) plate and validation sticker fees imposed under this chapter, including but not limited
3.10 to:

3.11 (i) fees under section 168.12, subdivision 5;

3.12 (ii) fees identified in any section authorizing special plates; and

3.13 (iii) transfer fees.

3.14 (b) The fees identified under paragraph (a), clause (4), do not include:

3.15 (1) a fee for personalized plates under section 168.12, subdivision 2a; or

3.16 (2) a required contribution or donation for a special plate, including but not limited to
3.17 a contribution under sections 168.1255, subdivision 1, clause (6); 168.129, subdivision 1,
3.18 clause (5); 168.1295, subdivision 1, paragraph (a), clause (5); 168.1296, subdivision 1,
3.19 paragraph (a), clause (5); and 168.1299, subdivision 1, clause (3).

3.20 **EFFECTIVE DATE.** This section is effective the day following final enactment and
3.21 applies to taxes and fees payable for a registration period starting on or after January 1,
3.22 2018.

3.23 Sec. 5. Minnesota Statutes 2016, section 168A.29, is amended by adding a subdivision to
3.24 read:

3.25 Subd. 4. **Exemption; vehicles for certain veterans.** The department shall not impose
3.26 any fee under subdivision 1 if the certificate of title is being issued to a person and for a
3.27 vehicle in which the requirements under section 168.012, subdivision 13, are met.

3.28 **EFFECTIVE DATE.** This section is effective January 1, 2018.

4.1 Sec. 6. Minnesota Statutes 2016, section 171.01, is amended by adding a subdivision to
4.2 read:

4.3 Subd. 51. **Veteran with a total service-connected disability.** "Veteran with a total
4.4 service-connected disability" means a veteran, as defined in section 197.447, who provides
4.5 satisfactory evidence to the commissioner demonstrating that the veteran has received a
4.6 100 percent total and permanent service-connected disability rating as adjudicated by the
4.7 United States Veterans Administration or the retirement board of one of the several branches
4.8 of the armed forces.

4.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.10 Sec. 7. Minnesota Statutes 2016, section 171.06, is amended by adding a subdivision to
4.11 read:

4.12 Subd. 2c. **Exemption; certain veterans.** For an applicant who is a veteran with a total
4.13 service-connected disability, the commissioner shall not impose:

4.14 (1) a license or endorsement fee, including fees and surcharges specified under:

4.15 (i) subdivisions 2 and 2a; and

4.16 (ii) section 171.02, subdivision 3;

4.17 (2) a filing fee under section 171.06, subdivision 2, or 171.061, subdivision 4; or

4.18 (3) a fee for an identification card under section 171.07, subdivision 3 or 3a.

4.19 **EFFECTIVE DATE.** This section is effective January 1, 2018.

4.20 Sec. 8. Minnesota Statutes 2016, section 297A.67, is amended by adding a subdivision to
4.21 read:

4.22 Subd. 34. **Watercraft purchased by certain veterans.** A watercraft purchased by a
4.23 veteran with a total service-connected disability is exempt. For purposes of this subdivision,
4.24 "veteran with a total service-connected disability" has the meaning given in section 171.01,
4.25 subdivision 51. For purposes of this subdivision, "watercraft" means watercraft and waterfowl
4.26 boats as defined in section 86B.005, subdivisions 18 and 18a.

4.27 **EFFECTIVE DATE.** This section is effective for sales and purchases made after January
4.28 1, 2018.

4.29 Sec. 9. Minnesota Statutes 2016, section 297B.03, is amended to read:

4.30 **297B.03 EXEMPTIONS.**

5.1 There is specifically exempted from the provisions of this chapter and from computation
5.2 of the amount of tax imposed by it the following:

5.3 (1) purchase or use, including use under a lease purchase agreement or installment sales
5.4 contract made pursuant to section 465.71, of any motor vehicle by the United States and its
5.5 agencies and instrumentalities and by any person described in and subject to the conditions
5.6 provided in section 297A.67, subdivision 11;

5.7 (2) purchase or use of any motor vehicle by any person who was a resident of another
5.8 state or country at the time of the purchase and who subsequently becomes a resident of
5.9 Minnesota, provided the purchase occurred more than 60 days prior to the date such person
5.10 began residing in the state of Minnesota and the motor vehicle was registered in the person's
5.11 name in the other state or country;

5.12 (3) purchase or use of any motor vehicle by any person making a valid election to be
5.13 taxed under the provisions of section 297A.90;

5.14 (4) purchase or use of any motor vehicle previously registered in the state of Minnesota
5.15 when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336,
5.16 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code;

5.17 (5) purchase or use of any vehicle owned by a resident of another state and leased to a
5.18 Minnesota-based private or for-hire carrier for regular use in the transportation of persons
5.19 or property in interstate commerce provided the vehicle is titled in the state of the owner or
5.20 secured party, and that state does not impose a sales tax or sales tax on motor vehicles used
5.21 in interstate commerce;

5.22 (6) purchase or use of a motor vehicle by a private nonprofit or public educational
5.23 institution for use as an instructional aid in automotive training programs operated by the
5.24 institution. "Automotive training programs" includes motor vehicle body and mechanical
5.25 repair courses but does not include driver education programs;

5.26 (7) purchase of a motor vehicle by an ambulance service licensed under section 144E.10
5.27 when that vehicle is equipped and specifically intended for emergency response or for
5.28 providing ambulance service;

5.29 (8) purchase of a motor vehicle by or for a public library, as defined in section 134.001,
5.30 subdivision 2, as a bookmobile or library delivery vehicle;

5.31 (9) purchase of a ready-mixed concrete truck;

6.1 (10) purchase or use of a motor vehicle by a town for use exclusively for road
6.2 maintenance, including snowplows and dump trucks, but not including automobiles, vans,
6.3 or pickup trucks;

6.4 (11) purchase or use of a motor vehicle by a corporation, society, association, foundation,
6.5 or institution organized and operated exclusively for charitable, religious, or educational
6.6 purposes, except a public school, university, or library, but only if the vehicle is:

6.7 (i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
6.8 passenger automobile, as defined in section 168.002, if the automobile is designed and used
6.9 for carrying more than nine persons including the driver; and

6.10 (ii) intended to be used primarily to transport tangible personal property or individuals,
6.11 other than employees, to whom the organization provides service in performing its charitable,
6.12 religious, or educational purpose;

6.13 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide
6.14 transit service is exempt if the transit provider is either (i) receiving financial assistance or
6.15 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,
6.16 473.388, or 473.405;

6.17 (13) purchase or use of a motor vehicle by a qualified business, as defined in section
6.18 469.310, located in a job opportunity building zone, if the motor vehicle is principally
6.19 garaged in the job opportunity building zone and is primarily used as part of or in direct
6.20 support of the person's operations carried on in the job opportunity building zone. The
6.21 exemption under this clause applies to sales, if the purchase was made and delivery received
6.22 during the duration of the job opportunity building zone. The exemption under this clause
6.23 also applies to any local sales and use tax;

6.24 (14) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own
6.25 program from a charitable organization that is:

6.26 (i) described in section 501(c)(3) of the Internal Revenue Code; and

6.27 (ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4; ~~and~~

6.28 (15) purchase of a motor vehicle used exclusively as a mobile medical unit for the
6.29 provision of medical or dental services by a federally qualified health center, as defined
6.30 under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget
6.31 Reconciliation Act of 1990; and

6.32 (16) purchase of a motor vehicle by a veteran having a total service-connected disability,
6.33 as defined in section 171.01, subdivision 51.

7.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after January
7.2 1, 2018.