

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

**S.F. No. 1655**

(SENATE AUTHORS: DIBBLE and Rest)

DATE  
02/25/2019

D-PG  
521 Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to taxation; sales and use; exempting car-sharing services from the special  
1.3 tax and fee on short-term motor vehicle rentals; amending Minnesota Statutes  
1.4 2018, section 297A.64, subdivisions 2, 4.

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

1.6 Section 1. Minnesota Statutes 2018, section 297A.64, subdivision 2, is amended to read:

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

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

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

1.16 ~~(2) parks its vehicles at unstaffed, self-service locations that are accessible at any time~~  
1.17 ~~of the day;~~

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

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

2.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
2.2 30, 2019.

2.3 Sec. 2. Minnesota Statutes 2018, section 297A.64, subdivision 4, is amended to read:

2.4 Subd. 4. **Exemptions.** (a) The tax and the fee imposed by this section do not apply to a  
2.5 lease or rental of (1) a vehicle to be used by the lessee to provide a licensed taxi service;  
2.6 (2) a hearse or limousine used in connection with a burial or funeral service; or (3) a van  
2.7 designed or adapted primarily for transporting property rather than passengers. The tax and  
2.8 the fee imposed under this section do not apply when the lease or rental of a vehicle is  
2.9 exempt from the tax imposed under section 297A.62, subdivision 1.

2.10 (b) The tax and fee imposed by this section do not apply to the lease of vehicles by a  
2.11 business or organization if the business or organization:

2.12 (1) requires individuals or groups to register for a membership in order to lease vehicles  
2.13 from the business or organization;

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

2.17 (3) parks its vehicles at unstaffed, self-service locations that are accessible at any time  
2.18 of the day;

2.19 (4) maintains and insures its vehicles on behalf of its members; and

2.20 (5) does not charge usage rates that decline on a per-unit basis, whether specified based  
2.21 on distance or time, other than maximum daily rates.

2.22 (c) The lessor may elect not to charge the fee imposed in subdivision 2 if in the previous  
2.23 calendar year the lessor had no more than 20 vehicles available for lease that would have  
2.24 been subject to tax under this section, or no more than \$50,000 in gross receipts that would  
2.25 have been subject to tax under this section.

2.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
2.27 30, 2019.