168D.04 TAXING AUTHORITY.

Subdivision 1. **Agreement terms.** (a) Under the provisions of an agreement entered into according to section 168D.02, each member shall retain its sovereign authority to determine tax rates and exemptions and to exercise other substantive tax authority.

(b) In accordance with federal and state law, the agreement must provide for:

(1) determining the base jurisdiction for users;

(2) users' records requirements;

(3) audit procedures;

(4) exchanging information;

(5) eligibility of persons for tax licensing;

(6) defining qualified motor vehicles;

(7) determining if bonding is required;

(8) specifying reporting requirements and periods, including defining uniform penalty and interest rates for late reporting;

(9) determining methods for collecting and forwarding motor fuel taxes and penalties to another jurisdiction;

(10) display of identification indicating compliance with the agreement; and

(11) other provisions to facilitate the administration of the agreement.

(c) Each jurisdiction shall audit the records of persons based in the jurisdiction to determine if the motor fuel taxes due each jurisdiction are properly reported and paid.

Subd. 2. **Fuel road tax imposed.** (a) Every motor carrier shall pay a road tax calculated on the amount of motor fuel consumed in the motor carrier's operations on highways within Minnesota. The tax rate is imposed at the rate and conditions specified in chapter 296A.

(b) The amount of motor fuel consumed in the operations of a motor carrier on highways within Minnesota is determined by dividing the miles traveled within Minnesota by the average miles per gallon.

(c) The average miles per gallon for a motor carrier's qualified motor vehicles is determined by dividing the total miles traveled by the total motor fuel consumed.

History: *2002 c 371 art 2 s 5*