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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **1540**

03/13/2013 Authored by McDonald, Barrett, Woodard, Quam, Zerwas and others  
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxation; sales and use; repealing the rental motor vehicle tax;  
1.3 amending Minnesota Statutes 2012, section 297A.64, subdivisions 2, 3, 4;  
1.4 repealing Minnesota Statutes 2012, section 297A.64, subdivision 1.

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

1.6 Section 1. Minnesota Statutes 2012, 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  
1.8 on leases or rentals of vehicles ~~subject to the tax under subdivision 1~~ in this state for not  
1.9 more than 28 days of a passenger automobile as defined in section 168.002, subdivision  
1.10 24, a van as defined in section 168.002, subdivision 40, or a pickup truck as defined in  
1.11 section 168.002, subdivision 26. The lessor on the invoice to the customer may designate  
1.12 the fee as "a fee imposed by the State of Minnesota for the registration of rental cars."

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

1.16 (1) owns or leases a fleet of vehicles of the type subject to the ~~tax under subdivision~~  
1.17 1 fee under paragraph (a) that are available to its members for use, priced on the basis  
1.18 of intervals of one hour or less;

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

1.21 (3) maintains its vehicles, insures its vehicles on behalf of its members, and  
1.22 purchases fuel for its fleet; and

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

2.1 Sec. 2. Minnesota Statutes 2012, section 297A.64, subdivision 3, is amended to read:

2.2 Subd. 3. **Administration.** ~~The retailer shall report and pay the tax imposed in~~  
 2.3 ~~subdivision 1 to the commissioner of revenue with the taxes imposed in this chapter. The~~  
 2.4 ~~tax imposed in subdivision 1 and~~ The fee imposed in subdivision 2 are subject to the  
 2.5 same interest, penalty, and other provisions provided for sales and use taxes under this  
 2.6 chapter and chapter 289A. The audit, assessment, appeal, collection, enforcement, and  
 2.7 administrative provisions of this chapter and chapters 270C and 289A, that apply to sales  
 2.8 and use taxes, apply to the ~~tax and~~ fee.

2.9 Sec. 3. Minnesota Statutes 2012, section 297A.64, subdivision 4, is amended to read:

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

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

2.20 Sec. 4. **REPEALER.**

2.21 Minnesota Statutes 2012, section 297A.64, subdivision 1, is repealed.

APPENDIX  
Repealed Minnesota Statutes: 13-2369

**297A.64 RENTAL MOTOR VEHICLE TAX IMPOSED; RATE.**

Subdivision 1. **Tax imposed.** A tax is imposed on the lease or rental in this state for not more than 28 days of a passenger automobile as defined in section 168.002, subdivision 24, a van as defined in section 168.002, subdivision 40, or a pickup truck as defined in section 168.002, subdivision 26. The rate of tax is 6.2 percent of the sales price. The tax applies whether or not the vehicle is licensed in the state.