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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 4338

02/28/2024 Authored by Elkins; Olson, B.; Hudella; Norris and Wolgamott
The bill was read for the first time and referred to the Committee on Veterans and Military Affairs Finance and Policy

1.1 A bill for an act
1.2 relating to transportation; establishing certain exemptions from taxes and fees for
1.3 eligible surviving spouses of a veteran, including certain registration taxes, license
1.4 plates fees, title fees, driver's license and identification card fees, and motor vehicle
1.5 sales taxes; amending Minnesota Statutes 2022, section 171.01, by adding a
1.6 subdivision; Minnesota Statutes 2023 Supplement, sections 168.012, subdivision
1.7 13; 171.06, subdivision 2c; 297B.03.

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

1.9 Section 1. Minnesota Statutes 2023 Supplement, section 168.012, subdivision 13, is
1.10 amended to read:

1.11 Subd. 13. **Vehicles registered by certain ~~veterans~~ owners.** (a) For purposes of this
1.12 subdivision, "eligible owner" means any of the following:

1.13 (1) a veteran with a total service-connected disability, as defined in section 171.01,
1.14 subdivision 51; and

1.15 (2) a Gold Star spouse, as defined in section 171.01, subdivision 33b.

1.16 (b) A passenger automobile, one-ton pickup truck, motorcycle, or recreational vehicle
1.17 registered by a ~~veteran with a total service-connected disability, as defined in section 171.01,~~
1.18 ~~subdivision 51,~~ an eligible owner is not subject to:

1.19 (1) registration taxes under this chapter;

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

1.21 (3) filing fees and surcharges imposed under section 168.33, subdivision 7; or

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

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

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

2.5 (iii) transfer fees.

2.6 ~~(b)~~ (c) The exemptions under this subdivision apply to a motor vehicle that is jointly
2.7 registered by ~~a qualifying veteran~~ an eligible owner and a spouse or domestic partner.

2.8 ~~(e)~~ (d) The fees identified under paragraph ~~(a)~~ (b), clause (4), do not include:

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

2.10 (2) a required contribution or donation for a special plate, including but not limited to
2.11 a contribution under sections 168.1255, subdivision 1, clause (6); 168.1258, subdivision 1,
2.12 clause (4); 168.1259, subdivision 2, paragraph (a), clause (5); 168.1287, subdivision 1,
2.13 clause (5); 168.129, subdivision 1, clause (5); 168.1295, subdivision 1, paragraph (a), clause
2.14 (5); 168.1296, subdivision 1, paragraph (a), clause (5); and 168.1299, subdivision 1, clause
2.15 (3).

2.16 ~~(d) A qualifying veteran~~ (e) An eligible owner may register no more than two motor
2.17 vehicles at the same time with the exemptions under this subdivision. Nothing in this
2.18 paragraph prevents registration of additional motor vehicles as otherwise provided in this
2.19 chapter.

2.20 **EFFECTIVE DATE.** This section is effective the day following final enactment and
2.21 applies to taxes payable for a registration period starting on or after January 1, 2025.

2.22 Sec. 2. Minnesota Statutes 2022, section 171.01, is amended by adding a subdivision to
2.23 read:

2.24 **Subd. 33b. Gold Star spouse.** "Gold Star spouse" means the surviving spouse of a person
2.25 who has died while serving honorably in active service, as defined in section 190.05,
2.26 subdivision 5.

2.27 **EFFECTIVE DATE.** This section is effective January 1, 2025.

3.1 Sec. 3. Minnesota Statutes 2023 Supplement, section 171.06, subdivision 2c, is amended
3.2 to read:

3.3 Subd. 2c. **Exemption; certain ~~veterans~~ individuals.** For an applicant who is a veteran
3.4 with a total service-connected disability or a Gold Star spouse, the commissioner must not
3.5 impose:

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

3.7 (i) subdivisions 2 and 2a; and

3.8 (ii) section 171.02, subdivision 3;

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

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

3.11 **EFFECTIVE DATE.** This section is effective January 1, 2025.

3.12 Sec. 4. Minnesota Statutes 2023 Supplement, section 297B.03, is amended to read:

3.13 **297B.03 EXEMPTIONS.**

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

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

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

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

3.27 (4) purchase or use of any motor vehicle previously registered in the state of Minnesota
3.28 when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336,
3.29 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code,
3.30 as amended through December 16, 2016;

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

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

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

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

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

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

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

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

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

4.28 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide
4.29 transit service is exempt if the transit provider is either (i) receiving financial assistance or
4.30 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,
4.31 473.388, or 473.405;

4.32 (13) purchase or use of a motor vehicle by a qualified business, as defined in section
4.33 469.310, located in a job opportunity building zone, if the motor vehicle is principally

5.1 garaged in the job opportunity building zone and is primarily used as part of or in direct
5.2 support of the person's operations carried on in the job opportunity building zone. The
5.3 exemption under this clause applies to sales, if the purchase was made and delivery received
5.4 during the duration of the job opportunity building zone. The exemption under this clause
5.5 also applies to any local sales and use tax;

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

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

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

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

5.14 (16) purchase of a motor vehicle by a veteran having a total service-connected disability,
5.15 as defined in section 171.01, subdivision 51; and

5.16 (17) purchase of a motor vehicle by a Gold Star spouse, as defined in section 171.01,
5.17 subdivision 33b.

5.18 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
5.19 30, 2025.