



Association of Minnesota Counties

HF2887 CONFERENCE COMMITTEE REPORT

AS PASSED BY THE LEGISLATURE ON MAY 21, 2023

TAB FEES	Increases the rate to 1.54% for vehicles registered prior to November 16, 2020, and 1.575% for those on or after that date. Changes the depreciation schedule.
INDEXING	Indexes the motor fuels excise tax to the Construction Cost Index (CCI) capped at 3% per year, which in FY27 would equal a five-cent gas tax increase.
MOTOR VEHICLE SALES TAX	Increases the Motor Vehicle Sales Tax (MVST) rate from 6.5% to 6.875%, distributed as follows: <ul style="list-style-type: none">• 60% Roads (HUTD)/40% Transit<ul style="list-style-type: none">○ 34.3% to Metropolitan Area Transit○ 5.7% to Greater MN Transit<ul style="list-style-type: none">• <i>Current law is 36% metro and 4% Greater MN</i>
DELIVERY FEE	Implements a \$0.50 retail delivery fee on orders over \$100, distributed to the Transportation Advancement Account as follows: <ul style="list-style-type: none">• 36% to Metro Counties• 10% to CSAH Fund• 15% to Large Cities Assistance Account• 27% to Small Cities Assistance Account• 11% to Town Road Account• 1% to a newly created Food Delivery Support Account
AUTO PARTS SALES TAX DEDICATION	Modifies the allocation of state general sales tax revenue attributed to automotive repair and parts as follows: <ul style="list-style-type: none">• (1) 43.5% to the HUTD Fund• (2) a % to the Transportation Advancement Account (see <i>Delivery Fee</i> section above):<ul style="list-style-type: none">○ In FY24, 3.5%○ In FY25, 4.5%○ In FY26, 5.5%○ In FY27, 7.5%○ In FY28, 14.5%○ In FY29, 21.5%○ In FY30, 28.5%○ In FY31, 36.5%○ In FY32, 44.5%○ 56.5% in FY33 and thereafter; and• (3) the remainder in each fiscal year to the general fund
METRO AREA SALES TAX	Imposes a 0.75% sales tax in the seven-county metro area for transit/transportation purposes: <ul style="list-style-type: none">• 83% to the Metropolitan Council• 17% to the seven metropolitan counties collecting the tax<ul style="list-style-type: none">○ 50% need/50% population
OTHER ITEMS	<ul style="list-style-type: none">• \$4.3 million in FY24 and \$1 million annually ongoing for the Local Transportation Disaster Support Account• \$216.4 million to MnDOT for IJJA matching funds• \$18.013 million from the General Fund to both LRIP and LBRP• \$153 million in Trunk Highway bonding over the biennium for Corridors of Commerce