

**SENATE**  
**STATE OF MINNESOTA**  
**NINETIETH SESSION**

**S.F. No. 2429**

(SENATE AUTHORS: DIBBLE and Dziejdzic)

DATE  
05/21/2017

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Introduction and first reading  
Referred to Transportation Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act  
 1.2 relating to taxation; sales and use; providing an exemption for car sharing services  
 1.3 from the motor vehicle rental tax and fee; amending Minnesota Statutes 2016,  
 1.4 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 2016, 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 leases or rentals entered into after  
2.2 June 30, 2017.

2.3 Sec. 2. Minnesota Statutes 2016, 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; (4) a vehicle  
2.8 used as part of a car sharing service as defined in paragraph (c); or (5) a temporary  
2.9 replacement motor vehicle as defined in paragraph (d). The tax and the fee imposed under  
2.10 this section do not apply when the lease or rental of a vehicle is exempt from the tax imposed  
2.11 under section 297A.62, subdivision 1.

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

2.16 (c) For purposes of this section, "car sharing service" means an organization consisting  
2.17 of individual or group members who pay the organization for the use of a motor vehicle if  
2.18 the organization:

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

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

2.23 (3) maintains its vehicles, insures its vehicles on behalf of its members, and purchases  
2.24 fuel for its fleet.

2.25 (d) For purposes of this section, "temporary replacement motor vehicle" means a motor  
2.26 vehicle that a person uses while the motor vehicle that it is replacing is not in use because  
2.27 of breakdown, repair, damage, or loss and:

2.28 (1) the motor vehicle is loaned by a motor vehicle repair facility or dealer;

2.29 (2) the motor vehicle is leased by a motor vehicle repair facility or dealer on behalf of  
2.30 an individual;

2.31 (3) the motor vehicle is leased and the lease is paid for by the individual's applicable  
2.32 private passenger automotive insurance policy; or

- 3.1 (4) the individual leases the motor vehicle and presents to the lessor upon return of the
- 3.2 leased vehicle a copy of the repair or service invoice for the replaced motor vehicle.
- 3.3 **EFFECTIVE DATE.** This section is effective for leases or rentals entered into after
- 3.4 June 30, 2017.