

# Local Option Transportation Funding Sources for Minnesota Counties



An Examination of the Local Option Wheelage Tax,  
the Sales Tax, the Vehicle Excise Tax, and the Aggregate Tax

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# Table of Contents

Wheelage Tax .....	4
Table 1: County Projected Estimated Revenue - Current Wheelage Tax OR \$10 for No-Tax Counties .....	5
Local Option Sales Tax.....	10
Counties That Have Approved the Local Option Sales Tax .....	11
Table 2: Actual 2018 Local Options Sales Tax (Transit Tax) Revenue – Counties that Have Enacted the Tax .....	11
Estimated Potential 2018 Revenue—Counties that Have Not Enacted the Tax—Based on half-cent sales tax ..	12
Table 3: Estimated Additional Revenue to Counties from Half-Cent Local Option Sales Tax (Additional 0.5% Rate on of 2017 Actual County Taxable Sales) .....	12
Vehicle Excise Tax .....	15
Table 4: Local Option Vehicle Excise Tax.....	15
Estimated Potential Revenue from a \$20/Vehicle Excise Tax, by County .....	16
Table 5: Estimated Projected Potential Revenue from \$20/Vehicle Excise Tax, by County .....	16
Aggregate Tax.....	18
Table 6: 2017 County Aggregate Tax .....	18

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# Wheelage Tax

## Background

The wheelage tax was first authorized by the legislature in 1972 for counties in the Twin Cities metropolitan area at a rate of \$5 per vehicle. The authority to use this tax was not initially widely embraced because the law required a reduction in the general property tax levy equivalent to the revenue generated by the wheelage tax. Over the years, transportation advocates including the Minnesota Transportation Alliance have advocated for changes to the law that would expand the authority to levy the tax beyond the metro area counties and to repeal the requirement of a corresponding reduction in the general property tax levy. In 2008, the legislature repealed the provision requiring an offsetting reduction in the property tax levy, and by 2013, five of the seven metro area counties had adopted the \$5 per vehicle wheelage tax.

In subsequent years, the Transportation Alliance and other transportation advocates continued to push for expansion of the authority to all 87 counties and a change in the rate to allow the tax to be imposed by counties at a rate up to \$20 per vehicle. During the 2013 legislative session, the Transportation Alliance worked with state lawmakers to introduce a transportation funding bill (SF891/HF931) that would provide additional revenue for highways and transit. A provision in the bill included the expansion of the wheelage tax authority to all 87 counties up to \$20 per vehicle. That provision passed in the final Transportation Appropriations bill of 2013 (Chapter 117; Article 3, section 4). Initially the new law restricted the rate of the wheelage tax to \$10 per vehicle from January 1, 2014 through December 31, 2017, but since January 1, 2018, all counties have been authorized to charge an amount up to \$20 per vehicle annually.

## Current Law Provisions – M.S.163.051 COUNTY WHEELAGE TAX.

- Tax revenue generated by the wheelage tax must be deposited in the county road and bridge fund and must be used for highway purposes within the meaning of Article 14 of the Minnesota Constitution. Revenue generated through the wheelage tax does not have to be spent exclusively on the State Aid system. Tax revenues must be used for road and bridge needs.
- The following vehicles are subject to the wheelage tax: passenger vehicles, pick-up trucks, one-ton trucks, buses, class 2 city buses, school buses, farm trucks, concrete pump/sweepers, prorate trucks, commercial zone trucks, van pools, commercial trucks and prorate foreign trucks.
- The following vehicles are exempt from the wheelage tax: motorcycles, vertical motorcycles, recreational vehicles, prorate (MN trailer), mopeds, contract trailers, semi-trailers, farm trailers, state owned tax exempt and tax exempt vehicles, utility trailers, street rods, pioneers, classics, collector and classic motorcycles.
- A county board may provide for the collection of the wheelage tax by resolution by county officials or it may request that the tax be collected by the state registrar of motor vehicles. If the tax is made collectible by the state registrar, it needs to be certified by the county auditor to the registrar no later than August 1 in the year before the calendar year or years for which the tax is levied.

Table 1 below shows the present wheelage tax status of each of Minnesota's 87 counties. Fifty-two counties – shown in green – have approved the wheelage tax at \$10, \$15, or \$20. Seven counties – shown in orange – once had adopted the wheelage tax but have since discontinued it. Twenty-eight counties – shown in blue – have yet to adopt the tax. Source: Minnesota Department of Public Safety.

<https://dps.mn.gov/divisions/dvs/Pages/Wheelage-Tax.aspx>

Note: Estimation methodology applies each county's actual current tax if over \$10, and \$10 for all counties currently levying no wheelage tax. Vehicle counts are Actual 2017 figures (most recent year available), maintained by the Minnesota Department of Public Safety.

Key

	Adopted
	Discontinued
	No Action

<b>Table 1: County Projected Estimated Revenue - Current Wheelage Tax OR \$10 for No-Tax Counties</b>			
<b>County</b>	<b>2017 Taxable Vehicle Counts</b>	<b>Current Tax 2019</b>	<b>Projected 2019 Est'd Revenue from Current Wheelage Tax (Counties in Green) OR \$10 for No-Tax Counties</b>
Aitkin	16,017	\$0	\$160,170
Anoka	287,851	\$0	\$2,878,510
Becker	32,471	\$0	\$324,710
Beltrami	34,820	\$0	\$348,200
Benton	33,326	\$20	\$666,520
Big Stone	5,887	\$0	\$58,870
Blue Earth	53,007	\$0	\$530,070
Brown	27,593	\$20	\$551,860
Carlton	31,612	\$0	\$316,120
Carver	78,917	\$20	\$1,578,340
Cass	26,375	\$0	\$263,750
Chippewa	12,438	\$0	\$124,380
Chisago	53,908	\$10	\$539,080

County	2017 Taxable Vehicle Counts	Current Tax 2019	Projected 2019 Est'd Revenue from Current Wheelage Tax (Counties in Green) OR \$10 for No-Tax Counties
Clay	47,582	\$10	\$475,820
Clearwater	9,394	\$0	\$93,940
Cook	5,765	\$0	\$57,650
Cottonwood	12,071	\$10	\$120,710
Crow Wing	61,615	\$0	\$616,150
Dakota	360,668	\$10	\$3,606,680
Dodge	20,047	\$20	\$400,940
Douglas	36,553	\$0	\$365,530
Faribault	15,705	\$10	\$157,050
Fillmore	22,821	\$20	\$456,420
Freeborn	28,479	\$10	\$284,790
Goodhue	47,491	\$10	\$474,910
Grant	7,583	\$0	\$75,830
Hennepin	917,545	\$10	\$9,175,450
Houston	19,265	\$10	\$192,650
Hubbard	19,332	\$0	\$193,320
Isanti	35,940	\$10	\$359,400
Itasca	41,061	\$10	\$410,610
Jackson	10,653	\$10	\$106,530
Kanabec	14,977	\$10	\$149,770
Kandiyohi	39,809	\$10	\$398,090
Kittson	5,309	\$0	\$53,090
Koochiching	12,441	\$0	\$124,410
Lac Qui Parle	7,755	\$10	\$77,550
Lake	10,319	\$0	\$103,190
Lake of the Woods	4,425	\$0	\$44,250



County	2017 Taxable Vehicle Counts	Current Tax 2019	Projected 2019 Est'd Revenue from Current Wheelage Tax (Counties in Green) OR \$10 for No-Tax Counties
Le Sueur	29,283	\$10	\$292,830
Lincoln	6,586	\$10	\$65,860
Lyon	24,205	\$10	\$242,050
Mahnomen	4,012	\$0	\$40,120
Marshall	11,120	\$10	\$111,200
Martin	20,597	\$10	\$205,970
McLeod	35,145	\$10	\$351,450
Meeker	22,616	\$0	\$226,160
Mille Lacs	29,894	\$10	\$298,940
Morrison	34,423	\$0	\$344,230
Mower	35,341	\$10	\$353,410
Murray	9,750	\$10	\$97,500
Nicollet	26,382	\$20	\$527,640
Nobles	20,534	\$10	\$205,340
Norman	7,391	\$10	\$73,910
Olmsted	123,617	\$10	\$1,236,170
Otter Tail	58,010	\$20	\$1,160,200
Pennington	13,438	\$10	\$134,380
Pine	27,678	\$0	\$276,780
Pipestone	10,136	\$15	\$152,040
Polk	29,511	\$0	\$295,110
Pope	11,425	\$10	\$114,250
Ramsey	396,410	\$20	\$7,928,200
Red Lake	4,675	\$0	\$46,750
Redwood	16,671	\$10	\$166,710
Renville	16,645	\$10	\$166,450
Rice	54,718	\$20	\$1,094,360

County	2017 Taxable Vehicle Counts	Current Tax 2019	Projected 2019 Est'd Revenue from Current Wheelage Tax (Counties in Green) OR \$10 for No-Tax Counties
Rock	9,711	\$10	\$97,110
Roseau	16,820	\$0	\$168,200
Scott	113,371	\$10	\$1,133,710
Sherburne	82,127	\$10	\$821,270
Sibley	15,473	\$10	\$154,730
St. Louis	166,758	\$0	\$1,667,580
Stearns	136,797	\$10	\$1,367,970
Steele	33,405	\$20	\$668,100
Stevens	9,163	\$0	\$91,630
Swift	10,748	\$10	\$107,480
Todd	23,404	\$0	\$234,040
Traverse	3,880	\$0	\$38,800
Wabasha	23,067	\$20	\$461,340
Wadena	14,982	\$0	\$149,820
Waseca	18,132	\$10	\$181,320
Washington	204,453	\$10	\$2,044,530
Watsonwan	11,221	\$15	\$168,315
Wilkin	7,315	\$0	\$73,150
Winona	40,234	\$0	\$402,340
Wright	119,538	\$0	\$1,195,380
Yellow Medicine	11,332	\$0	\$113,320
<b>SUBTOTAL</b>			<b>\$54,463,455</b>



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# Local Option Sales Tax

## Background

During the 2008 legislative session, the Transportation Alliance and other transportation funding advocates supported a Local Option Sales Tax to address the transportation funding needs of Minnesota counties. Language was adopted in the comprehensive transportation funding bill – Chapter 152 – authorizing Minnesota counties to adopt a local option sales tax, in addition to the statewide general sales tax rate of 6.5%.

The 2008 legislation granted additional sales taxing authority to counties outside of those in the County Transit Improvement Board which allows a single county or group of counties acting under a joint powers agreement to impose a local sales tax of up to a half-cent and a \$20 excise tax on commercial sales of motor vehicles. (This report includes a separate analysis of the \$20 Excise Tax, beginning on page 17.)

The new law allowed the seven counties in the Twin Cities metropolitan area to impose a ¼-cent local sales tax for transit purposes. Five of the seven counties in the Metropolitan Area (Anoka, Dakota, Hennepin, Ramsey, and Washington) passed resolutions to establish a Metropolitan Transportation Area joint powers agreement, forming the County Transit Improvement Board (CTIB) and began levying this tax to fund transit projects. Scott County enacted its own separate half-cent local option tax under the authority granted to counties in Greater Minnesota and those metro counties not included in the Metropolitan Transportation Area. Carver County has not adopted any local option sales tax. In 2016-2017 a series of events led to the formal vote by members of the CTIB to dissolve the board effective September, 2017. Individual counties then developed county level transit taxes to replace funding streams that had been allocated by the CTIB.

Sales of motor vehicles are subject to the state's Motor Vehicles Sales Tax, not the general sales tax, so sales of motor vehicles are not subject to a county approved local option sales tax dedicated to transportation.

## Current Law Provisions - M.S. 297A.993

- Following a public hearing, a county or group of counties may impose (1) a transportation sales tax at a rate of up to one-half of one percent on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle, as defined in section 297B.01, subdivision 11, purchased or acquired from any person engaged in the business of selling motor vehicles at retail, occurring within the jurisdiction of the taxing authority.
- Language passed in 2019 clarifies that all counties – metro and Greater Minnesota – are now treated equally in terms of the amount that may be levied and the uses of the revenue. The new law also states that revenue may be used for more than one project or improvement and that after a public hearing, a county may dedicate the proceeds for a new project. The new law also allows counties to issue bonds for transportation purposes using local sales tax revenue to secure the bonds.
- Current law requires that the proceeds of a local option sales tax be dedicated exclusively to:
  - 1) Payment of the capital cost of a specific transportation project or improvement
  - 2) Payment of the costs, which may include both capital and operating costs, of a specific transit project or improvement
  - 3) Payment of the capital costs of the Safe Routes to School program
  - 4) Payment of transit operating costs
- The transportation or transit project or improvement identified in the county board resolution must be specifically designated by the county board or boards. The project must serve a transportation purpose but the language does not specifically require the funding to be used for roadways or bridges. A building that served a transportation purpose, such as a maintenance facility, would qualify.

A political subdivision may impose a tax under this section starting only on the first day of a calendar quarter. A political subdivision may repeal a tax under this section stopping only on the last day of a calendar quarter.

(b) The political subdivision shall notify the commissioner of revenue at least 90 days before imposing, changing the rate of, or repealing a tax under this section.

(c) The political subdivision shall change the rate of tax imposed under this section starting only on the first day of a calendar quarter, and only after the commissioner has notified sellers at least 60 days prior to the change.

(d) The political subdivision shall apply the rate change for sales tax imposed under this section to purchases from printed catalogs, wherein the purchaser computed the tax based upon local tax rates published in the catalog, starting only on the first day of a calendar quarter, and only after the commissioner has notified sellers at least 120 days prior to the change.

## Counties That Have Approved the Local Option Sales Tax

The following table shows the 41 Minnesota counties that adopted a local option sales tax, the tax rate, and the total annual revenue generated in 2018. Source: Minnesota House Research Department and Minnesota Department of Revenue.

<b>Table 2: Actual 2018 Local Option Sales Tax (Transit Tax) Revenue Counties that Have Enacted the Tax</b>					
<b>County</b>	<b>Tax Rate</b>	<b>2018 Actual Revenue</b>	<b>County</b>	<b>Tax Rate</b>	<b>2018 Actual Revenue</b>
Anoka	0.25%	\$11,059,485	Mille Lacs	0.50%	\$1,169,438
Becker	0.50%	\$2,668,087	Morrison	0.50%	\$1,290,987
Beltrami	0.50%	\$3,408,638	Mower	0.50%	\$1,570,917
Blue Earth	0.50%	\$6,304,952	Nicollet	0.50%	\$1,291,514
Brown	0.50%	\$1,732,971	Olmsted	0.50%	\$14,000,025
Carlton	0.50%	\$1,823,878	Otter Tail	0.50%	\$3,661,933
Carver	0.50%	\$7,216,800	Pine	0.50%	\$1,086,440
Cass	0.50%	\$2,008,434	Polk	0.25%	\$656,264
Chisago	0.50%	\$2,393,599	Ramsey	0.50%	\$42,227,193
Clay	0.50%	\$2,566,027	Rice	0.50%	\$3,557,433
Cook	0.50%	\$829,460	Scott	0.50%	\$9,538,068
Crow Wing	0.50%	\$6,489,291	Stearns	0.25%	\$5,545,659
Dakota	0.25%	\$16,585,084	Steele	0.50%	\$2,765,488
Douglas	0.50%	\$3,499,028	St. Louis	0.50%	\$ 14,916,136
Fillmore	0.50%	\$914,559	Todd	0.50%	\$844,304
Freeborn	0.50%	\$2,012,409	Wabasha	0.50%	\$929,646
Hennepin	0.50%	\$130,059,592	Wadena	0.50%	\$ 750,895
Hubbard	0.50%	\$1,289,407	Washington	0.25%	\$9,810,444
Kandiyohi	0.50%	\$2,028,807	Winona	0.50%	\$2,949,038
Lake	0.50%	\$918,788	Wright	0.50%	\$ 7,331,380
Lyon	0.50%	\$1,909,545			

Note: The following counties have approved local 0.5% local transportation taxes effective for 2019: Effective January 1, Dodge County, Goodhue County, and Sherburne County; Effective April 1, Redwood County and Waseca County; Effective July 1, Isanti County. Effective October 1, Benton County.

## Estimated Potential 2018 Revenue

### Counties that have not enacted the tax – Based on half-cent sales tax

As indicated above and displayed in Table 2, 41 counties have enacted a local option sales tax that was effective in 2018, and another seven have approved a tax that become effective in 2019. That means that 39 counties have not enacted the tax. The methodology applied to derive the revenue potential for these 39 counties uses 2017 Sales and Use Tax data (most recent data available) collected by the Minnesota Department of Revenue. The estimate is derived by multiplying the reported tax revenues for that year (2017) by 0.5%. The revenue gain is what each county stands to generate by increasing their general statewide sales tax rate from the new general statewide sales tax rate of 6.875% by 0.5% (the hypothetical local option increase) to 7.375%. In virtually every case, this method underestimates the potential revenue to counties since the statewide general sales tax revenues are projected to grow in 2019 over 2018 by 4.0% or \$218 million.

The table on the following pages shows an estimate for each county of the additional revenue that would be generated with the addition of a half-cent local option sales tax. (This table includes the 41 counties that have already enacted a local option sales tax, and an annualized estimate for the seven counties whose tax becomes effective in 2019. See Table 2 for the actual 2018 revenues generated from those approved local option taxes.)

Counties that have already enacted the local option sales tax and those who have enacted the tax effective in 2019 for transportation are displayed in blue. Counties yet to enact the tax are displayed in orange.

Note: As indicated above, the state's current revenue outlook reported in Minnesota Management and Budget's February 2019 Economic Forecast is favorable, showing continued healthy year-to-year growth of the state general sales tax revenue of 4.0% in 2019, and 2.4% in 2020. Nevertheless, the Minnesota's Council of Economic Advisers warns that planning estimates for future fiscal years should be used with caution. (Forecast document at: <https://mn.gov/mmb-stat/000/az/forecast/2019/budget-and-economic-forecast/final-report.pdf>)

<b>Table 3: Estimated Additional Revenue to Counties from Half-Cent Local Option Sales Tax (Additional 0.5% Rate on 2017 Actual County Taxable Sales)</b>		
<b>County</b>	<b>2017 Taxable Sales</b>	<b>0.5% Increase in General Sales Tax Rate from Local Option (6.875% to 7.375%)</b>
Aitkin	\$116,534,937	\$582,675
Anoka	\$3,350,046,312	\$16,750,232
Becker	\$346,249,418	\$1,731,247
Beltrami	\$543,619,616	\$2,718,098
Benton	\$399,742,268	\$1,998,711
Big Stone	\$23,551,405	\$117,757
Blue Earth	\$998,762,848	\$4,993,814
Brown	\$257,226,675	\$1,286,133
Carlton	\$219,190,873	\$1,095,954
Carver	\$811,069,087	\$4,055,345
Cass	\$268,027,974	\$1,340,140
Chippewa	\$107,330,806	\$536,654

<b>Table 3: Estimated Additional Revenue to Counties from Half-Cent Local Option Sales Tax (Cont'd) (Additional 0.5% Rate on 2017 Actual County Taxable Sales)</b>		
<b>County</b>	<b>2017 Taxable Sales</b>	<b>0.5% Increase in General Sales Tax Rate from Local Option (6.875% to 7.375%)</b>
Chisago	\$285,435,618	\$1,427,178
Clay	\$420,766,865	\$2,103,834
Clearwater	\$39,725,990	\$198,630
Cook	\$120,457,202	\$602,286
Cottonwood	\$67,016,308	\$335,082
Crow Wing	\$1,032,695,372	\$5,163,477
Dakota	\$5,067,085,979	\$25,335,430
Dodge	\$96,170,965	\$480,855
Douglas	\$577,111,991	\$2,885,560
Faribault	\$66,651,659	\$345,931
Fillmore	\$169,556,481	\$847,782
Freeborn	\$284,441,043	\$1,422,205
Goodhue	\$367,083,190	\$1,835,416
Grant	\$37,064,287	\$185,321
Hennepin	\$22,919,587,698	\$114,597,938
Houston	\$76,672,844	\$383,364
Hubbard	\$166,868,814	\$834,344
Isanti	\$402,460,881	\$2,012,304
Itasca	\$381,729,881	\$1,908,649
Jackson	\$66,681,528	\$333,408
Kanabec	\$66,169,560	\$330,848
Kandiyohi	\$568,554,825	\$2,842,774
Kittson	\$24,947,911	\$124,740
Koochiching	\$101,591,775	\$507,959
Lac Qui Parle	\$27,861,667	\$139,308
Lake	\$105,207,224	\$526,036
Lake of the Woods	\$63,856,045	\$319,280
Le Sueur	\$141,290,926	\$706,455
Lincoln	\$36,576,269	\$182,881
Lyon	\$321,999,588	\$1,609,998
Mahnomen	\$51,898,485	\$259,492
Marshall	\$44,851,398	\$224,257
Martin	\$171,158,496	\$855,792
McLeod	\$374,427,439	\$1,872,137
Meeker	\$163,858,191	\$819,291

<b>Table 3: Estimated Additional Revenue to Counties from Half-Cent Local Option Sales Tax (Cont'd) (Additional 0.5% Rate on 2017 Actual County Taxable Sales)</b>		
<b>County</b>	<b>2017 Taxable Sales</b>	<b>0.5% Increase in General Sales Tax Rate from Local Option (6.875% to 7.375%)</b>
Mille Lacs	\$193,776,731	\$968,884
Morrison	\$221,813,013	\$1,109,065
Mower	\$240,465,823	\$1,202,329
Murray	\$41,114,558	\$205,573
Nicollet	\$180,355,167	\$901,776
Nobles	\$190,431,789	\$952,159
Norman	\$36,461,830	\$182,309
Olmsted	\$2,022,897,007	\$10,114,485
Otter Tail	\$713,584,912	\$3,567,925
Pennington	\$157,691,964	\$788,460
Pine	\$169,197,116	\$845,986
Pipestone	\$64,615,717	\$323,079
Polk	\$202,230,464	\$1,011,152
Pope	\$67,947,943	\$339,740
Ramsey	\$6,639,628,915	\$33,198,145
Red Lake	\$26,224,410	\$131,122
Redwood	\$139,704,714	\$698,524
Renville	\$67,120,747	\$335,604
Rice	\$479,072,740	\$2,395,364
Rock	\$50,616,271	\$253,081
Roseau	\$109,256,252	\$546,281
Scott	\$1,369,127,090	\$6,845,635
Sherburne	\$694,838,385	\$3,474,192
Sibley	\$53,750,977	\$268,755
St. Louis	\$2,451,469,266	\$12,257,346
Stearns	\$1,955,179,462	\$9,775,897
Steele	\$443,910,965	\$2,219,555
Stevens	\$96,790,660	\$483,953
Swift	\$70,026,196	\$350,131
Todd	\$83,679,869	\$418,399
Traverse	\$18,574,895	\$92,874
Wabasha	\$110,101,905	\$550,510
Wadena	\$137,578,718	\$687,894
Waseca	\$103,434,900	\$517,175
Washington	\$2,450,669,995	\$12,253,350

Table 3: Estimated Additional Revenue to Counties from Half-Cent Local Option Sales Tax (Cont'd) (Additional 0.5% Rate on 2017 Actual County Taxable Sales)		
County	2017 Taxable Sales	0.5% Increase in General Sales Tax Rate from Local Option (6.875% to 7.375%)
Watonwan	\$58,387,362	\$291,937
Wilkin	\$17,666,949	\$88,335
Winona	\$403,992,093	\$2,019,960
Wright	\$1,208,575,823	\$6,042,879
Yellow Medicine	\$49,591,771	\$247,959
KEY:		
	Tax Enacted	
	Tax Not Enacted	
Source: Minnesota Department of Revenue, Tax Research Division, June 2019		

## Vehicle Excise Tax

In addition to granting counties the authority to impose a dedicated local sales tax up to a half-cent, the 2008 legislation also granted counties taxing authority to impose a \$20 excise tax on commercial sales of motor vehicles. (See the more detailed background and current law provisions included in the discussion of the half-cent local option sales tax on page 10 which are also relevant here, since both the half-cent local option sales tax and the \$20/vehicle excise tax were contained in the same law.)

Sales of motor vehicles are subject to the state's Motor Vehicles Sales Tax, not the general sales tax, so sales of motor vehicles are not subject to a county approved local option sales tax dedicated to transportation.

The Metro Area Transit tax authorized by the CTIB affecting the five metro area counties who had adopted it (Hennepin, Ramsey, Dakota, Washington, and Anoka) expired on September 30, 2017, and thereafter each county was authorized to levy its own vehicle excise tax beginning on October 1, 2017. The Department of Revenue reports that the CTIB Counties collected a de minimis \$136,942 in 2018.

Table 4 below shows the actual revenues collected in 2018 from the local option \$20 vehicle excise tax. Eleven counties had enacted the \$20 vehicle excise tax prior to 2018. Goodhue County recently approved a \$20 vehicle excise tax that went into effect January 1, 2019.

<b>Table 4: Local Option Vehicle Excise Tax</b>			
<b>County</b>	<b>2018 Revenue</b>	<b>County</b>	<b>2018 Revenue</b>
Anoka	\$816,600	Ramsey	\$1,264,340
Beltrami	\$89,440	Otter Tail	\$120,200
Carver	\$54,520	Scott	\$269,680
Carlton	\$44,260	St. Louis	\$408,520
Dakota	\$1,412,880	Washington	\$419,980
Hennepin	\$2,671,300	Kandiyohi	\$35,900
Source: Minnesota Department of Revenue Tax Research Division			



## Estimated Potential Revenue from a \$20/Vehicle Excise Tax, by County

The Minnesota Automobile Dealers Association reports that 216,638 cars and light trucks (vans, sport utility vehicles, and pick-up trucks) were sold in Minnesota in 2018. To estimate total sales for each county (the tax base), the 216,638 total sales are apportioned to each county based on their share of the total vehicle counts in 2017, which is the most recent year that data is available from the Minnesota Department of Public Safety. The estimated annual vehicle sales for each county are multiplied by a \$20 per vehicle tax. [Note: These are estimates and are provided for planning purposes only.]

Table 5: Estimated Projected Potential Revenue from \$20/Vehicle Excise Tax, by County

County	Estimated 2018 Car & Light Truck Sales	Estimated Annual Revenue from \$20/Vehicle Excise Tax	County	Estimated 2018 Car & Light Truck Sales	Estimated Annual Revenue from \$20/Vehicle Excise Tax
Aitkin	727	\$14,536	Martin	922	\$18,431
Anoka	13,577	\$853,462	McLeod	1,611	\$32,225
Becker	1,477	\$29,532	Meeker	1,019	\$20,389
Beltrami	1,609	\$78,120	Mille Lacs	1,355	\$27,103
Benton	1,511	\$30,213	Morrison	1,557	\$31,145
Big Stone	260	\$5,197	Mower	1,618	\$32,367
Blue Earth	2,383	\$47,654	Murray	426	\$8,511
Brown	1,222	\$24,433	Nicollet	1,223	\$24,456
Carlton	1,479	\$29,581	Nobles	924	\$18,481
Carver	3,711	\$74,220	Norman	320	\$6,408
Cass	1,212	\$24,247	Olmsted	5,840	\$116,790
Chippewa	553	\$11,058	Otter Tail	2,634	\$52,682
Chisago	2,498	\$49,970	Pennington	612	\$12,250
Clay	2,215	\$44,297	Pine	1,259	\$25,184
Clearwater	409	\$8,188	Pipestone	452	\$9,035
Cook	256	\$5,118	Polk	1,326	\$26,517
Cottonwood	531	\$10,627	Pope	509	\$10,188
Crow Wing	2,856	\$57,115	Ramsey	18,832	\$1,158,077
Dakota	16,892	\$1,029,371	Red Lake	206	\$4,130
Dodge	903	\$18,064	Redwood	733	\$14,650
Douglas	1,658	\$33,156	Renville	720	\$14,406
Faribault	690	\$13,801	Rice	2,489	\$49,781
Fillmore	1,018	\$20,351	Rock	432	\$8,630
Freeborn	1,297	\$25,944	Roseau	753	\$15,066
Goodhue	2,103	\$42,059	Scott	5,269	\$105,388
Grant	324	\$6,479	Sherburne	3,774	\$75,474
Hennepin <sup>(1)</sup>	43,686	\$2,786,133	Sibley	682	\$13,647
Houston	876	\$17,515	St. Louis	7,836	\$209,640

Table 5: Estimated Projected Potential Revenue from \$20/Vehicle Excise Tax, by County

County	Estimated 2018 Car & Light Truck Sales	Estimated Annual Revenue from \$20/Vehicle Excise Tax	County	Estimated 2018 Car & Light Truck Sales	Estimated Annual Revenue from \$20/Vehicle Excise Tax
Hubbard	892	\$17,841	Stearns	6,263	\$125,261
Isanti	1,658	\$33,167	Steele	1,535	\$30,692
Itasca	1,900	\$37,992	Stevens	394	\$7,873
Jackson	473	\$9,459	Swift	468	\$9,365
Kanabec	683	\$13,665	Todd	1,065	\$21,293
Kandiyohi	1,797	\$35,936	Traverse	160	\$3,208
Kittson	229	\$4,572	Wabasha	1,044	\$20,889
Koochiching	568	\$11,354	Wadena	664	\$13,277
Lac Qui Parle	343	\$6,858	Waseca	823	\$16,465
Lake	481	\$9,615	Washington	9,726	\$621,858
Lake of the Woods	199	\$3,985	Watsonwan	503	\$10,063
Le Sueur	1,314	\$26,287	Wilkin	318	\$6,350
Lincoln	285	\$5,707	Winona	1,871	\$37,429
Lyon	1,081	\$21,620	Wright	5,489	\$109,778
Mahnomen	179	\$3,584	Yellow Medicine	494	\$9,882
Marshall	473	\$9,457			

Source:

- For the 2018 vehicle sales totals: Minnesota Automobile Dealers Association, News (Newsletter) February 2019. [http://www.mada.org/userfiles/files/2019\\_02feb\\_web\(864\).pdf](http://www.mada.org/userfiles/files/2019_02feb_web(864).pdf).
- For the statewide apportionment of sales to each county (county share of the total vehicle counts in 2017): Minnesota Department of Public Safety <https://dps.mn.gov/divisions/dvs/forms-documents/Documents/MotorVehicle-CountyReport-2016.pdf>



# Aggregate Tax

## Background

The aggregate material tax or “gravel tax” is a production tax on the removal of aggregate material (sand, silica sand, gravel, crushed rock, granite, and limestone) weighed and measured after extraction. Aggregate material also includes borrow (particles of gravel, sand, crushed quarry, gravel or stone) that is transported on a public road, street, or highway. The tax is collected and administered at the county level, and its proceeds (net of collection costs) must be used for transportation purposes and restoration of mine sites.

The Department of Revenue reports that 31 counties collected the tax in 2017. Special laws also authorize a few towns in St. Louis and Ottertail counties to impose aggregate taxes, as long as their host county does not impose the tax. Only Solway Township in St. Louis County collected tax under this authority in 2017. The table on the following page lists the revenue generated from the Aggregate Tax for each of the 31 counties and Solway Township.

## Current Law Provisions

State law sets the rate of the tax at 21.5 cents per cubic yard or 15 cents per ton. Counties do not have discretion to set a lower rate. Counties must conduct a public hearing prior to imposing the tax.

The taxes are deposited into the county treasury and must be spent as follows:

- The county auditor may retain up to 5 percent of the total revenue as an administrative fee for administering the tax.
- 42.5 percent must be added to the county road and bridge fund for expenditure in maintenance, construction, and reconstruction of roads, highways, and bridges
- 42.5 percent must be deposited in the general fund of the city or town in which the mine is located, or to the county where the mine is located in an unorganized town, to be expended for maintenance, construction, and reconstruction of roads, highways, and bridges
- 15 percent must be put into a special reserve fund that is established for expenditures made related to the restoration of abandoned pits, quarries, or deposits located within the county.

Table 6 shows 2018 actual revenues of the 35 counties and the one town that currently impose the local option county aggregate materials tax.

Table 6: 2018 County Aggregate Tax				
		Distribution		
County	Net Tax Revenue (After 5% Admin Fee)	County (42.5%)	City/Town (42.5%)	Reserve Fund (15%)
Becker	\$270,358	\$114,902	\$114,902	\$40,554
Benton	\$119,909	\$50,961	\$50,961	\$17,986
Big Stone	\$150,207	\$65,119	\$65,119	\$22,197
Carver	\$104,587	\$44,449	\$44,449	\$15,688
Chisago	\$279,066	\$118,603	\$118,603	\$41,860
Clay	\$343,367	\$145,931	\$145,931	\$51,505
Cottonwood	\$107,749	\$45,793	\$45,793	\$16,162
Dakota	\$1,198,048	\$509,170	\$509,170	\$179,707
Freeborn	\$89,739	\$38,139	\$38,139	\$13,461

Table 6: 2018 County Aggregate Tax (cont'd)				
County	Net Tax Revenue (After 5% Admin Fee)	Distribution		
		County (42.5%)	City/Town (42.5%)	Reserve Fund (15%)
Goodhue	\$132,891	\$56,601	\$56,369	\$19,921
Hennepin	\$178,700	\$75,948	\$75,948	\$26,805
Kanabec	\$125,839	\$53,481	\$53,481	\$18,876
Kandiyohi	\$146,486	\$62,256	\$62,256	\$21,973
Kittson	\$36,216	\$15,392	\$15,391	\$5,432
Le Sueur	\$581,110	\$246,972	\$246,972	\$87,166
Marshall	\$24,297	\$10,326	\$10,326	\$3,645
Meeker	\$57,932	\$24,621	\$24,621	\$8,690
Mille Lacs	\$102,669	\$43,634	\$43,634	\$15,400
Nicollet	\$141,519	\$60,146	\$60,146	\$21,228
Norman	\$99,484	\$42,281	\$42,281	\$14,923
Pennington	\$73,779	\$31,356	\$31,356	\$11,067
Pipestone	\$30,931	\$13,336	\$13,146	\$4,590
Polk	\$140,843	\$59,858	\$59,858	\$21,127
Ramsey	\$54,503	\$23,164	\$23,164	\$8,176
Red Lake	\$26,082	\$11,085	\$11,085	\$3,912
Rice	\$67,076	\$28,507	\$28,507	\$10,061
Rock	\$132,046	\$56,120	\$56,120	\$19,807
Scott	\$283,296	\$120,401	\$120,401	\$42,494
Sherburne	\$394,884	\$167,825	\$167,825	\$59,233
Sibley	\$77,101	\$33,833	\$31,981	\$11,288
Stearns	\$375,479	\$159,579	\$159,579	\$56,322
Steele	\$79,829	\$33,927	\$33,927	\$11,974
Washington	\$414,354	\$176,100	\$176,100	\$62,153
Wilkin	\$6,165	\$2,620	\$2,620	\$925
Wright	\$203,221	\$86,369	\$86,369	\$30,483
Solway Town	\$57,579	\$0	\$57,579	\$0

Source: Minnesota Department of Revenue

[http://www.revenue.state.mn.us/local\\_gov/prop\\_tax\\_admin/data\\_reporting/Aggregate Tax Information.pdf](http://www.revenue.state.mn.us/local_gov/prop_tax_admin/data_reporting/Aggregate_Tax_Information.pdf)



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