

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

Prepared by the Minnesota Transportation Alliance

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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 In 2008, the legislature repealed the provision requiring an offsetting reduction in the property tax levy, and by 2013, five of the seven metro area counties had adopted the \$5 per vehicle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). Due to computer programming issues at the Department of Public Safety, the new law restricted the rate of the wheelage tax to \$10 per vehicle from January 1, 2014 through December 31, 2017, but after January 1, 2018, all counties are able to charge an amount up to \$20 per vehicle annually in any increment of a whole dollar.

Current Law Provisions

- 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-three counties – shown in green – have approved the wheelage tax at \$10, \$15, or \$20. Six 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.

[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 2016 figures (most recent year available), maintained by the Minnesota Department of Public Safety.]

Key

	Adopted
	Discontinued
	No Action

Table 1: County Projected Estimated Revenue - Current Wheelage Tax OR \$10 for No-Tax Counties			
County	2016 Taxable Vehicle Counts	Current Tax 2018	Projected 2018 Est'd Revenue from Current Wheelage Tax (Counties in Green) OR \$10 for No-Tax Counties
Aitkin	16,564	\$0	\$165,640
Anoka	283,919	\$0	\$2,839,190
Becker	32,634	\$0	\$326,340
Beltrami	34,998	\$0	\$349,980
Benton	32,718	\$20	\$654,360
Big Stone	6,073	\$0	\$60,730
Blue Earth	51,638	\$0	\$516,380
Brown	27,831	\$20	\$556,620
Carlton	32,139	\$0	\$321,390
Carver	78,531	\$20	\$1,570,620
Cass	26,406	\$0	\$264,060
Chippewa	12,375	\$0	\$123,750

County	2016 Taxable Vehicle Counts	Current Tax 2018	Projected 2018 Est'd Revenue from Current Wheelage Tax (Counties in Green) OR \$10 for No-Tax Counties
Chisago	55,043	\$10	\$550,430
Clay	47,729	\$10	\$477,290
Clearwater	9,410	\$0	\$94,100
Cook	5,497	\$0	\$54,970
Cottonwood	12,336	\$10	\$123,360
Crow Wing	62,020	\$0	\$620,200
Dakota	342,706	\$10	\$3,427,060
Dodge	20,081	\$20	\$401,620
Douglas	36,898	\$0	\$368,980
Faribault	15,895	\$10	\$158,950
Fillmore	23,288	\$20	\$465,760
Freeborn	28,862	\$10	\$288,620
Goodhue	47,642	\$10	\$476,420
Grant	7,257	\$0	\$72,570
Hennepin	922,961	\$10	\$9,229,610
Houston	19,646	\$10	\$196,460
Hubbard	19,737	\$0	\$197,370
Isanti	35,213	\$10	\$352,130
Itasca	42,392	\$10	\$423,920
Jackson	10,482	\$10	\$104,820
Kanabec	15,072	\$10	\$150,720
Kandiyohi	40,228	\$10	\$402,280
Kittson	5,303	\$0	\$53,030
Koochiching	12,608	\$0	\$126,080
Lac Qui Parle	8,040	\$10	\$80,400
Lake	10,708	\$0	\$107,080
Lake of the Woods	4,358	\$0	\$43,580

County	2016 Taxable Vehicle Counts	Current Tax 2018	Projected 2018 Est'd Revenue from Current Wheelage Tax (Counties in Green) OR \$10 for No-Tax Counties
Le Sueur	30,575	\$10	\$305,750
Lincoln	6,889	\$10	\$68,890
Lyon	24,064	\$10	\$240,640
Mahnomen	3,879	\$0	\$38,790
Marshall	10,978	\$10	\$109,780
Martin	20,621	\$10	\$206,210
McLeod	35,680	\$10	\$356,800
Meeker	22,730	\$0	\$227,300
Mille Lacs	27,550	\$10	\$275,500
Morrison	34,941	\$10	\$349,410
Mower	35,038	\$10	\$350,380
Murray	10,076	\$10	\$100,760
Nicollet	26,498	\$20	\$529,960
Nobles	20,791	\$10	\$207,910
Norman	7,483	\$10	\$74,830
Olmsted	123,138	\$10	\$1,231,380
Otter Tail	58,068	\$20	\$1,161,360
Pennington	13,318	\$10	\$133,180
Pine	27,827	\$0	\$278,270
Pipestone	10,710	\$15	\$160,650
Polk	29,779	\$0	\$297,790
Pope	11,493	\$10	\$114,930
Ramsey	390,097	\$20	\$7,801,940
Red Lake	4,697	\$0	\$46,970
Redwood	16,628	\$10	\$166,280
Renville	16,935	\$10	\$169,350

County	2016 Taxable Vehicle Counts	Current Tax 2018	Projected 2018 Est'd Revenue from Current Wheelage Tax (Counties in Green) OR \$10 for No-Tax Counties
Rice	55,281	\$20	\$1,105,620
Rock	9,829	\$10	\$98,290
Roseau	17,095	\$0	\$170,950
Scott	111,693	\$10	\$1,116,930
Sherburne	83,046	\$10	\$830,460
Sibley	15,381	\$10	\$153,810
St. Louis	167,526	\$0	\$1,675,260
Stearns	138,039	\$10	\$1,380,390
Steele	33,767	\$20	\$675,340
Stevens	9,261	\$0	\$92,610
Swift	10,840	\$10	\$108,400
Todd	23,427	\$0	\$234,270
Traverse	3,844	\$0	\$38,440
Wabasha	23,485	\$20	\$469,700
Wadena	15,224	\$0	\$152,240
Waseca	18,266	\$10	\$182,660
Washington	207,348	\$10	\$2,073,480
Watonwan	11,318	\$15	\$169,770
Wilkin	7,496	\$0	\$74,960
Winona	39,382	\$0	\$393,820
Wright	119,079	\$0	\$1,190,790
Yellow Medicine	11,115	\$0	\$111,150
SUBTOTAL			\$54,301,220

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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 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 Counties 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. 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 using the authority granted to counties outside the Metropolitan Transportation Area under MS297A.993.

The 2008 legislation granted additional sales taxing authority to counties outside of those in the Counties 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.)

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

- Under the law passed in 2008, the local sales tax and excise tax authorized outside of the Metropolitan Transportation Area were subject to approval of the voters via referendum in each county at a general election. In 2013, the Minnesota Transportation Alliance and local government associations including the Association of Minnesota Counties supported replacing the referendum requirement with a requirement that the county board – or county boards in the case of joint agreements – pass a resolution following a public hearing. This language was included in SF891/HF931 and passed in Chapter 117, the Transportation Appropriations bill (MS297A.993).
- 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 under Minnesota Statutes, Section 174.40
 - 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. Except for taxes for operating costs of a transit project or improvement or for transit operations, the taxes must terminate when revenues raised are sufficient to finance the project.

- 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. Bus purchases would not qualify, but bus maintenance facilities would fall into the category of transit capital.
- The political subdivision must pass an ordinance imposing the tax and notify the Commissioner of Revenue at least 90 days before the first day of the calendar quarter on which the tax is to be imposed.

Counties That Have Approved the Local Option Sales Tax

The following table shows the 35 Minnesota counties that adopted a local option sales tax, the tax rate, and the total annual revenue generated in 2017.

Table 2: Estimated 2017 Local Option Sales Tax For Counties that Have Enacted the Tax						
County	Tax Rate	2017 Actual Revenue		County	Tax Rate	2017 Actual Revenue
Anoka	0.25%	1,691,361		Lake	0.50%	534,316
Becker	0.50%	2,399,674		Lyon	0.50%	1,880,882
Beltrami	0.50%	3,465,150		Mille Lacs	0.50%	969,168
Blue Earth	0.50%	6,021,417		Olmsted	0.25%/0.50%	9,561,943
Brown	0.50%	1,663,602		Otter Tail	0.50%	3,451,792
Carlton	0.50%	1,964,660		Pine	0.50%	896,740
Carver	0.50%	892,342		Ramsey	0.50%	6,412,847
Cass	0.50%	1,795,180		Rice	0.50%	3,443,765
Chisago	0.50%	2,178,378		Scott	0.50%	8,696,361
Clay	0.50%	361,017		Steele	0.50%	14,461,229
Cook	0.50%	677,578		St. Louis	0.50%	2,717,876
Crow Wing	0.50%	6,087,433		Todd	0.50%	794,335
Dakota	0.25%	2,536,993		Wabasha	0.50%	830,490
Douglas	0.50%	3,390,519		Wadena	0.50%	725,655
Fillmore	0.50%	875,698		Washington	0.25%	1,487,620
Freeborn	0.50%	1,899,193		Winona	0.50%	2,527,345
Hennepin	0.50%	19,982,941		Wright	0.50%	1,003,788
Hubbard	0.50%	1,040,001				

Estimated Potential 2017 Revenue

Counties that have not Enacted the Tax - Based on Half-Cent Sales Tax

As indicated above and displayed in Table 2, thirty-five counties have enacted a local option sales tax. That means that 52 counties have not enacted the tax. The methodology applied to derive the revenue potential for these 52 counties uses 2016 Sales and Use Tax data (most recent data available) collected by the Minnesota Department of Revenue and simply multiplies the reported tax revenues for that year (2016) by 0.5%. The revenue gain is what each county stands to generate by increasing their general statewide sales tax rate from 6.5% by 0.5% (the hypothetical local option increase) to 7.0%.

For 2018 and beyond, these dollar amounts would need to be increased to account for growth in revenue. The statewide general sales tax revenues are projected to grow in 2018 over 2016 by 4.9% or \$256 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 35 counties that have already enacted a local option sales tax. See Table 2 for the actual 2017 revenues generated from those approved local option taxes.)

Note: As indicated above, the state's current revenue outlook reported in Minnesota Management and Budget's February 2018 Economic Forecast is favorable, showing continued healthy year-to-year growth of the state general sales tax revenue of 3.3% in 2017, and 1.6% in 2018, and 5.2% in 2019. Nevertheless, the Minnesota's Council of Economic Advisers warns that planning estimates for the 2018-19 biennium should be used with caution. (Forecast document at: <https://mn.gov/mmb-stat/000/az/forecast/2018/budget-and-economic-forecast/final.pdf> .)

Table 3: Est'd Additional Revenue to Counties from Half-Cent Local Option Sales Tax (Additional 0.5% of 2016 Actual County Sales Tax Revenue)		
County	2016 Taxable Sales	0.5% Increase in General Sales Tax Rate from Local Option
Aitkin	\$112,685,145	\$563,426
Benton	\$382,249,107	\$1,911,246
Big Stone	\$23,787,308	\$118,937
Chippewa	\$106,474,654	\$532,373
Clearwater	\$42,112,767	\$210,564
Cottonwood	\$67,226,263	\$336,131
Dodge	\$89,236,142	\$446,181

Faribault	\$69,186,217	\$345,931
Goodhue	\$353,162,234	\$1,765,811
Grant	\$33,857,920	\$169,290
Houston	\$76,062,620	\$380,313
Isanti	\$386,146,857	\$1,930,734
Itasca	\$377,408,849	\$1,887,044
Jackson	\$66,023,135	\$330,116
Kanabec	\$63,816,141	\$319,081
Kandiyohi	\$544,120,144	\$2,720,601
Kittson	\$23,902,444	\$119,512
Koochiching	\$99,098,015	\$495,490
Lac Qui Parle	\$27,799,803	\$138,999
Lake of the Woods	\$61,638,372	\$308,192
Le Sueur	\$134,388,654	\$671,943
Lincoln	\$33,972,888	\$169,864
Mahnomen	\$50,282,055	\$251,410
Marshall	\$41,007,268	\$205,036
Martin	\$170,628,352	\$853,142
McLeod	\$344,802,837	\$1,724,014
Meeker	\$157,931,654	\$789,658
Morrison	\$218,536,124	\$1,092,681
Mower	\$240,150,854	\$1,200,754
Murray	\$39,305,011	\$196,525
Nicollet	\$172,990,911	\$864,955
Nobles	\$189,090,547	\$945,453
Norman	\$36,407,912	\$182,040
Pennington	\$156,521,042	\$782,605
Pipestone	\$66,416,570	\$332,083
Polk	\$199,254,538	\$996,273

Pope	\$66,766,287	\$333,831
Red Lake	\$25,427,604	\$127,138
Redwood	\$135,287,003	\$676,435
Renville	\$69,209,010	\$346,045
Rock	\$51,206,338	\$256,032
Roseau	\$109,647,231	\$548,236
Sherburne	\$658,717,631	\$3,293,588
Sibley	\$54,433,017	\$272,165
Stearns	\$1,917,469,997	\$9,587,350
Stevens	\$89,240,370	\$446,202
Swift	\$67,414,546	\$337,073
Traverse	\$18,072,457	\$90,362
Waseca	\$99,598,068	\$497,990
Watonwan	\$57,147,942	\$285,740
Wilkin	\$19,094,721	\$95,474
Yellow Medicine	\$46,304,174	\$231,521
Source: Minnesota Department of Revenue, Tax Research Division, May 2018		

Vehicle Excise Tax

Background

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.

In 2016-2017 a series of events led to the formal vote by members of the CTIB to dissolve the board effective September, 2017. The Metro Area Transit tax authorized by the Counties Transportation Improvement Board (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.

Table 4 below shows the actual revenues collected in 2017 from the local option \$20 vehicle excise tax. As noted in the narrative in the preceding paragraph, 2017 was not a typical year, since the CTIB was dissolved in September of that year. The dissolution of the CTIB, of course, meant the elimination of the revenue to the "Metro Area Transit" starting in October of that year. Afterwards, individual counties formerly comprising the CTIB joint powers agreement were authorized to impose their own local option vehicle excise tax.

Since the individual county taxes started in October, the revenues shown in the table for those metro counties who had previously been collecting revenues under the CTIB tax are small since they encompass revenues only from November through December of that year. The large amount shown for the Metro Area Transit includes the tax revenue collected for the first nine months of the year, when the CTIB tax was still in effect.

Eleven counties have imposed the \$20 vehicle excise tax.

County	2017 Revenue		County	2017 Revenue
Anoka	\$123,140		Ramsey	\$177,480
Beltrami	\$69,060		Otter Tail	\$72,020
Carver	\$7,840		Scott	\$242,480
Carlton	\$49,920		St. Louis	\$351,460
Dakota	\$201,060		Washington	\$52,300
Hennepin	\$392,060		Metro Area Transit *	\$5,706,047

* Metro Area Transit includes Anoka, Dakota, Hennepin, Ramsey, and Washington Counties.
 Source: Minnesota Department of Revenue Tax Research Division.
http://www.revenue.state.mn.us/research_stats/Pages/Local-Sales-and-Use-Tax.aspx; Table 4 - Local Selective Sales and Use Tax. May, 2018.

Estimated Potential Revenue from a \$20 Commercial Vehicle Excise Tax

The Minnesota Automobile Dealers Association reports that 211,334 cars and light trucks (vans, sport utility vehicles, and pick-up trucks) were sold in Minnesota in 2017. To estimate total sales for each county (the tax base), the 211,334 total sales are apportioned to each county based on their share of the total vehicle counts in 2016, 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: Est'd Projected Potential Revenue from \$20/Vehicle Excise Tax, by County

County	Estimated 2017 Car & Light Truck Sales	Estimated Annual Revenue from \$20/Vehicle Excise Tax	County	Estimated 2017 Car & Light Truck Sales	Estimated Annual Revenue from \$20/Vehicle Excise Tax
Aitkin	740	\$14,803	Martin	908	\$18,153
Anoka	13,107	Actual: 123,140	McLeod	1,599	\$31,982
Becker	1,450	\$29,005	Meeker	1,004	\$20,083
Beltrami	1,583	Actual: \$69,060	Mille Lacs	1,222	\$24,441
Benton	1,461	\$29,227	Morrison	1,551	\$31,018
Big Stone	262	\$5,246	Mower	1,579	\$31,583
Blue Earth	2,269	\$45,376	Murray	431	\$8,622
Brown	1,200	\$24,004	Nicollet	1,201	\$24,019
Carlton	1,473	Actual: \$49,920	Nobles	915	\$18,293
Carver	3,617	\$72,349	Norman	318	\$6,357
Cass	1,192	\$23,836	Olmsted	5,665	\$113,292
Chippewa	532	\$10,645	Otter Tail	2,586	Actual: \$72,020
Chisago	2,499	\$49,983	Pennington	595	\$11,903
Clay	2,169	\$43,381	Pine	1,239	\$24,771
Clearwater	405	\$8,096	Pipestone	463	\$9,252
Cook	248	\$4,953	Polk	1,314	\$26,289
Cottonwood	531	\$10,620	Pope	503	\$10,053
Crow Wing	2,815	\$56,297	Ramsey	18,114	\$362,283
Dakota ⁽¹⁾	15,725	\$314,499	Red Lake	205	\$4,093
Dodge	885	\$17,698	Redwood	719	\$14,373
Douglas	1,645	\$32,893	Renville	717	\$14,347
Faribault	687	\$13,737	Rice	2,460	\$49,206
Fillmore	1,018	\$20,350	Rock	433	\$8,651

Freeborn	1,288	\$25,753	Roseau	749	\$14,985
Goodhue	2,076	\$41,528	Scott	5,085	\$101,693
Grant	306	\$6,113	Sherburne	3,765	\$75,309
Hennepin	42,822	\$856,436	Sibley	668	\$13,361
Houston	876	\$17,524	St. Louis	7,706	\$154,120
Hubbard	894	\$17,888	Stearns	6,154	\$123,072
Isanti	1,592	\$31,838	Steele	1,515	\$30,301
Itasca	1,921	\$38,422	Stevens	387	\$7,747
Jackson	455	\$9,104	Swift	461	\$9,223
Kanabec	675	\$13,500	Todd	1,042	\$20,831
Kandiyohi	1,777	\$35,536	Traverse	156	\$3,120
Kittson	225	\$4,497	Wabasha	1,041	\$20,823
Koochiching	564	\$11,285	Wadena	664	\$13,278
Lac Qui Parle	347	\$6,937	Waseca	811	\$16,212
Lake	489	\$9,779	Washington	9,624	\$192,488
Lake of the Woods	194	\$3,875	Watonwan	500	\$10,000
Le Sueur	1,351	\$27,013	Wilkin	317	\$6,336
Lincoln	292	\$5,847	Winona	1,784	\$35,673
Lyon	1,056	\$21,117	Wright	5,344	\$106,890
Mahnomen	169	\$3,385	Yellow Medicine	478	\$9,565
Marshall	462	\$9,231	TOTAL	211,334	\$4,226,680

Source:

- For the 2017 vehicle sales totals: Minnesota Automobile Dealers Association, News (Newsletter) February 2018. <http://www.mada.org/news/newsletters>.
- For the statewide apportionment of sales to each county (county share of the total vehicle counts in 2016): 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. 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 2017 actual revenues of the 35 counties and the one town that currently impose the local option county aggregate materials tax.

Table 6: 2017 County Aggregate Tax				
		Distribution		
County	Net Tax Revenue (After 5% Admin Fee)	County (42.5%)	City/Town (42.5%)	Reserve Fund (15%)
Becker	\$256,546	\$109,032	\$109,032	\$38,482
Benton	\$132,637	\$56,371	\$56,371	\$19,896
Big Stone	\$140,049	\$59,521	\$59,521	\$21,007
Carver	\$140,896	\$59,881	\$59,881	\$21,134
Chisago	\$194,818	\$82,798	\$82,798	\$29,223
Clay	\$386,388	\$164,215	\$164,215	\$57,958

Cottonwood	\$106,456	\$45,244	\$45,244	\$15,968
Dakota	\$1,085,122	\$461,177	\$461,177	\$162,768
Freeborn	\$82,632	\$35,119	\$35,119	\$12,395
Goodhue	\$157,453	\$66,918	\$66,918	\$23,618
Hennepin	\$195,763	\$83,199	\$83,199	\$29,364
Kanabec	\$90,202	\$38,336	\$38,336	\$13,530
Kandiyohi	\$142,838	\$60,706	\$60,706	\$21,426
Kittson	\$42,760	\$18,173	\$18,173	\$6,414
Le Sueur	\$510,258	\$216,860	\$216,860	\$76,539
Marshall	\$20,776	\$8,830	\$8,830	\$3,116
Meeker	\$68,881	\$29,274	\$29,274	\$10,332
Mille Lacs	\$98,865	\$42,018	\$42,018	\$14,830
Nicollet	\$179,618	\$76,338	\$76,338	\$26,943
Norman	\$91,195	\$38,758	\$38,758	\$13,679
Pennington	\$59,989	\$25,495	\$25,495	\$8,998
Pipestone	\$21,985	\$9,344	\$9,344	\$3,298
Polk	\$139,111	\$59,122	\$59,122	\$20,867
Ramsey	\$62,261	\$26,461	\$26,461	\$9,339
Red Lake	\$4,508	\$1,916	\$1,916	\$676
Rice	\$64,670	\$27,485	\$27,485	\$9,701
Rock	\$103,032	\$43,789	\$43,789	\$15,455
Scott	\$263,039	\$111,792	\$111,792	\$39,456
Sherburne	\$430,910	\$183,137	\$183,137	\$64,637
Sibley	\$117,902	\$50,108	\$50,108	\$17,685
Stearns	\$405,919	\$172,516	\$172,516	\$60,888
Steele	\$103,260	\$43,886	\$43,886	\$15,489
Washington	\$428,101	\$181,943	\$181,943	\$64,215
Wilkin	\$6,206	\$2,638	\$2,638	\$931
Wright	\$199,494	\$84,785	\$84,785	\$29,924
Solway Town	\$70,639		\$70,639	

Source: Minnesota Department of Revenue

http://www.revenue.state.mn.us/local_gov/prop_tax_admin/data_reporting/Aggregate_Tax_Information.pdf



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