Overview

This bill limits local taxes on motor vehicles to $20 per motor vehicle. No city may impose a local sales or excise tax on motor vehicles without authorizing legislation. Currently, the cities of Mankato, Proctor, Rochester, Two Harbors, and Winona impose a flat tax of $20. The city of Duluth is the only city with a local motor vehicle tax that exceeds this limit. The amendment provides a phase-out of any existing local motor vehicle sales tax.

1. **Local sales tax on motor vehicles prohibited.** Prohibits any political subdivision from imposing a tax on the sale, transfer, or use of a motor vehicle that exceeds the tax authorized in section 2. If a local government is currently imposing such a tax it must be reduced by 25 percent per year beginning in 2001. By January 1, 2004, no local government may impose a tax on motor vehicles except as provided in section 2.

2. **Local excise tax on motor vehicles authorized.** Permits a political subdivision whose tax is terminated under section 1 to impose by ordinance an excise tax of up to $20 per motor vehicle that is purchased or acquired from any person engaged within the territory of the political subdivision in the business of selling motor vehicles at retail. Requires the tax proceeds to be used for the same purposes for which the tax terminated under section 1 was used.