



# Vehicle Registration Funding

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**Minnesota**  
Department of Public Safety

# Agenda

- Current Motor Vehicle Registration Tax
  - Other Registration Taxes
  - Passenger Vehicle Fleet
- Items to Resolve
- Scenarios
  - Weight Based Rate
  - Hybrid Scenarios
    - Value
    - Age
  - Grandfathering of Registration Tax
- Summary from December 2, 2019 Task Force Meeting

# Current Motor Vehicle Registration Tax

Minn. Stat. 168.013

- Passenger vehicles using the public streets or highways in the state shall be taxed each calendar year on the following basis:
  - \$10 tax, plus:
  - 1.25% of vehicle's base value, depreciated over 10 years (10% increments/year)
  - After 10<sup>th</sup> year the additional tax is \$25 (\$35 total)
- Any changes recommended by the task force would require changes in law
  - Previously indicated legislation would need enacted by March 1, 2020 to not impact the rollout of VTRS on November 16, 2020
    - Enactment would need a seven to eight month runway
      - Example – Enacted May, 2020 – released January 1, 2021

# Other Registration Taxes Not Passenger Vehicles or Pickups

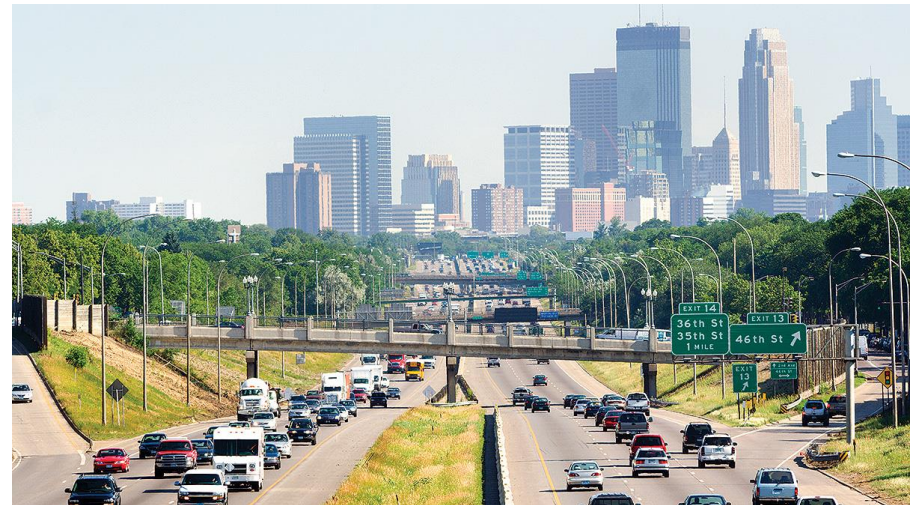


- “Other” vehicles generate approximately 20% of revenues
- Other Vehicles (28 formal classifications):
  - Motorcycles: \$10
  - Trucks and tractors: based on gross weight - ranges from minimum \$120, up to \$1,760 for 80,000 pounds

# Current Passenger Vehicle Fleet

## November 2019

- Approximately 4.9 million passenger vehicles and pickup trucks in Minnesota
- Average age of cars and light trucks in U.S. rose to 11.8 years in 2019 (IHS Markit)
- Of the 4.9 million vehicles, approximately 44% are 11+ years
- ~11,000 electric vehicles



# Items to Resolve

- Each item below would require changes to current law:
  - **Hold Harmless** - eliminating this provision necessary to maintain neutral revenues
  - **Destination Charge** - simplify value calculation by removing charge
  - **Vehicle Value** - base value vs. MSRP



- All scenarios are implemented in a revenue neutral manner over FYs 2020-23
  - Weight Based Rate
  - Hybrid Scenarios
    - Modified Value Based
    - Tiered Age Based
    - Hybrid Age Based

# Weight Based Rate

- Vehicles would pay a standard rate based on weight:
  - **\$65** for vehicles 0-2,599 lbs. (~100K Vehicles)
  - **\$130** for vehicles 2,600-3,799 lbs. (~2.3M Vehicles)
  - **\$160** for vehicles 3,800-5,899 lbs. (~2.4M Vehicles)
  - **\$190** for vehicles over 5,900 lbs. (~100K Vehicles)
- A typical vehicle could pay between \$1,690-2,080 over 13 years
- Ship weight:
  - Toyota Camry: 3,300 lbs.
  - Ford F-150: 4,100 lbs.



# Weight Based Comparison

Years	Current Camry	Weight Based Camry	\$ Change	% Change	Current F-150	Weight Based F-150	\$ Change	% Change
1	325	130	(195)	-60%	525	160	(365)	-70%
2	293	130	(163)	-56%	473	160	(313)	-66%
3	260	130	(130)	-50%	420	160	(260)	-62%
4	228	130	(98)	-43%	368	160	(208)	-56%
5	195	130	(65)	-33%	315	160	(155)	-49%
6	163	130	(33)	-20%	263	160	(103)	-39%
7	130	130	-	0%	210	160	(50)	-24%
8	98	130	33	33%	158	160	3	2%
9	65	130	65	100%	105	160	55	52%
10	35	130	98	300%	53	160	108	205%
11	35	130	95	271%	35	160	125	357%
12	35	130	95	271%	35	160	125	357%
13+	35	130	95	271%	35	160	125	357%
<b>Total</b>	<b>1,893</b>	<b>1,690</b>	<b>(203)</b>	<b>-11%</b>	<b>2,993</b>	<b>2,080</b>	<b>(913)</b>	<b>-30%</b>

# Hybrid Scenarios

- Scenarios assume the average life of a vehicle is 12 years
- Estimates are largely revenue neutral
- All scenarios would require some changes in law
- Illustrative scenarios include:
  - Modified value based vehicle registration tax
  - Age based vehicle registration tax
  - Age based vehicle registration tax, with weight surcharge
- Complex hybrid models may create challenges for VTRS programming



# Scenario #1

## Modified Value Based

Years	Current Camry	Scenario #1 Camry	\$ Change	% Change	Current F-150	Scenario #1 F-150	\$ Change	% Change
1	325	273	(52)	-16%	525	441	(84)	-16%
2	293	251	(41)	-14%	473	406	(67)	-14%
3	260	229	(31)	-12%	420	370	(50)	-12%
4	228	207	(20)	-9%	368	335	(32)	-9%
5	195	186	(9)	-5%	315	300	(15)	-5%
6	163	164	1	1%	263	265	2	1%
7	130	142	12	9%	210	229	19	9%
8	98	120	23	23%	158	194	37	23%
9	65	98	33	51%	105	159	54	51%
10	35	76	41	118%	53	123	88	253%
11	35	65	30	86%	35	88	53	152%
12	35	65	30	86%	35	65	30	86%
13+	35	65	30	86%	35	65	30	86%
<b>Total</b>	<b>1,893</b>	<b>1,942</b>	<b>5</b>	<b>2%</b>	<b>2,993</b>	<b>3,041</b>	<b>66</b>	<b>2%</b>

# Scenario #2

## Age Based

### Age Based

- Flat rate based on age:
  - \$250 vehicles 1-4 years
  - \$180 vehicles 5-8 years
  - \$120 vehicles 9-12 years
  - \$65 vehicles 13+ years
- Tax would need to be indexed in future years to account for inflation



# Scenario #2

## Age Based

Years	Current Camry	Scenario #2 Camry	\$ Change	% Change	Current F-150	Scenario #2 F-150	\$ Change	% Change
1	325	250	(75)	-23%	525	250	(275)	-52%
2	293	250	(43)	-15%	473	250	(223)	-47%
3	260	250	(10)	-4%	420	250	(170)	-40%
4	228	250	23	10%	368	250	(118)	-32%
5	195	180	(15)	-8%	315	180	(135)	-43%
6	163	180	18	11%	263	180	(83)	-31%
7	130	180	50	38%	210	180	(30)	-14%
8	98	180	83	85%	158	180	23	14%
9	65	120	55	85%	105	120	15	14%
10	35	120	88	269%	53	120	68	129%
11	35	120	85	243%	35	120	85	243%
12	35	120	85	243%	35	120	85	243%
13+	35	65	30	86%	35	65	30	86%
<b>Total</b>	<b>1,893</b>	<b>2,265</b>	<b>373</b>	<b>20%</b>	<b>2,993</b>	<b>2,265</b>	<b>(728)</b>	<b>-24%</b>

# Scenario #3

## Hybrid Age Based

### Age Based

Flat rate based on age:

- \$210 vehicles 1-4 years
  - \$140 vehicles 5-8 years
  - \$78 vehicles 9-12 years
  - \$25 vehicles 13+ years
- Tax would need to be indexed in future years to account for inflation
  - Surcharge on vehicle weight:
    - \$40 for vehicles 0-5,899 lbs.
    - \$80 for vehicles 5,900+ lbs.



# Scenario #3

## Hybrid Age Based

Years	Current Camry	Scenario #3 Camry	\$ Change	% Change	Current F-150	Scenario #3 F-150	\$ Change	% Change
1	325	250	(75)	-23%	525	250	(275)	-52%
2	293	250	(43)	-15%	473	250	(223)	-47%
3	260	250	(10)	-4%	420	250	(170)	-40%
4	228	250	23	10%	368	250	(118)	-32%
5	195	180	(15)	-8%	315	180	(135)	-43%
6	163	180	18	11%	263	180	(83)	-31%
7	130	180	50	38%	210	180	(30)	-14%
8	98	180	83	85%	158	180	23	14%
9	65	118	53	82%	105	118	13	14%
10	35	118	86	263%	53	118	66	125%
11	35	118	83	237%	35	118	83	237%
12	35	118	83	237%	35	118	83	237%
13+	35	65	30	86%	35	65	30	86%
<b>Total</b>	<b>1,893</b>	<b>2,257</b>	<b>365</b>	<b>19%</b>	<b>2,993</b>	<b>2,257</b>	<b>(736)</b>	<b>-25%</b>



- Under current structure, tax revenues increase from both:
  - Vehicle sales
  - Price increases
- If scenario is not based on value, would need to index to maintain revenue neutrality
- Options:
  - Consumer Price Index
  - National Highway Construction Cost Index (NHCCI from FHWA)

# Inflation

Item	Annual Growth Rate (2014-19)
Unit Sales of New Vehicles	1.4%
Passenger Vehicle/PU \$	4.4%
“Other” Registration Tax \$	3.5%
Total Registration Tax \$	4.2%
CPI	1.5%
NHCCI	3.1%
MnDOT CCI	5.0%

# Grandfathering of Registration Tax

- FAST can program VTRS to support the calculation of registration tax for grandfathered vehicles as well as a new registration tax structure for new models or at the change of ownership

# Summary of Scenarios from December 2, 2019 Hearing


- Methods reviewed at December Task Force Meeting:
  - Flat Rate
    - \$138 flat tax each year
  - Age Based Rate
    - \$315 tax in first year
    - Decrease on average by approximately 10% per year (varies by year)
  - Value Based Rate
    - Vehicles are taxed 0.48% of the vehicle's base value

# Vehicle Value Options

	Base Value	MSRP	Sale Price
Data Source	<ul style="list-style-type: none"> <li>- VIN decoder vendor</li> <li>- Dealer</li> <li>- Manufacturer</li> </ul>	<ul style="list-style-type: none"> <li>- VIN decoder vendor</li> <li>- Dealer</li> <li>- Manufacturer</li> </ul>	<ul style="list-style-type: none"> <li>- Title application disclosed by either dealer or individual</li> </ul>
Benefits	<ul style="list-style-type: none"> <li>- Current calculation</li> </ul>	<ul style="list-style-type: none"> <li>- Simplified calculation</li> </ul>	<ul style="list-style-type: none"> <li>- Clarity for the first owner</li> </ul>
Limitations	<ul style="list-style-type: none"> <li>- Data for destination charge not available from VIN decoder vendor</li> <li>- Determining the lowest price of base model</li> </ul>	<ul style="list-style-type: none"> <li>- Data for new model years not always available from VIN decoder vendor</li> </ul>	<ul style="list-style-type: none"> <li>- Variable based on negotiation</li> <li>- No data source to confirm sales price</li> </ul>
Changes to Current Law	<ul style="list-style-type: none"> <li>- N/A</li> </ul>	<ul style="list-style-type: none"> <li>- Amend 168.013(subd.1b)</li> <li>- Amend 168.013 (subd.1c)</li> <li>- Amend 168.013(subd.1g)</li> </ul>	<ul style="list-style-type: none"> <li>- Amend 168.013(subd.1b)</li> <li>- Amend 168.013(subd.1c)</li> <li>- Amend 168.013(subd.1g)</li> </ul>

# Summary of Vehicle Value

## Ford F-150 Monroney Sticker

VEHICLE DESCRIPTION		JF D88014	
 <b>F-150</b> 2018 F-150 4X4 SUPERCREW 145" WHEELBASE 5.0L V8 ELEC 10-SPEED AUTO W/TOW MO		EXTERIOR RUBY RED METALLIC TINTED CC INTERIOR BLACK SPORT 40/CONSOLE/40	
<b>STANDARD EQUIPMENT INCLUDED AT NO EXTRA CHARGE</b>			
<b>EXTERIOR</b> • DAYTIME RUNNING LIGHTS • EASY FUEL CAPLESS FILLER • FOG LAMPS • FULLY BOXED STEEL FRAME • HALOGEN HEADLAMPS • HEADLAMPS - AUTOLAMP (ON/OFF) • LOCKING REMOVABLE TAILGATE • MANUAL FOLD POWER MIRRORS • PICKUP BOX TIE-DOWN HOOKS • REAR PRIVACY GLASS • TRAILER SWAY CONTROL	<b>INTERIOR</b> • 1 TOUCH UP/DOWN DR/PASS WIN • 60/40 FOLD-UP REAR BENCH SEAT • A/C W/MANUAL CLIMATE CONTROL, SINGLE ZONE • CRUISE CONTROL • DOOR LOCKS - POWER • DUAL VISOR VANITY MIRRORS • ILLUMINATED ENTRY • MAP POCKETS- DRIVER & PASSENGER • OUTSIDE TEMP DISPLAY • POWERPOINTS • TILT/TELESCOPE STR COLUMN	<b>FUNCTIONAL</b> • 4-WHEEL DISC BRAKES W/ABS • AUTO START STOP TECH • CURVE CONTROL • DYNAMIC HITCH ASSIST • ELECT 4X4 SHIFT-ON-FLY • ELECTRIC-ASSIST PARK BRAKE • FADE-TO-OFF INTERIOR LIGHT • FAIL-SAFE COOLING SYSTEM	<b>SAFETY/SECURITY</b> • ADVANCETRAC WITH RSC • AIRBAGS - FRONT SEAT MOUNTED SIDE IMPACT • AIRBAGS - SAFETY CANOPY SIDE CURTAIN • CTR HIGH MOUNT STOP LAMP • PERIMETER ALARM • SECURICODE KEYLESS KEYPAD
<b>INCLUDED ON THIS VEHICLE</b>		<b>PRICE INFORMATION</b>	
<b>EQUIPMENT GROUP 302A</b> • XLT SERIES • REAR-WINDOW DEFROSTER • SIRIUS XM SATELLITE RADIO • REMOTE START SYSTEM • REVERSE SENSING SYSTEM • SYNC 3	(MSRP) 4520.00	(MSRP) 300.00	(MSRP) \$42,055.00
<b>OPTIONAL EQUIPMENT/OTHER</b> 2018 MODEL YEAR RUBY RED METALLIC TINTED CC 5.0L V8 3.73 ELECTRONIC LOCK RR AXLE 7000# GVWR PACKAGE CALIFORNIA XLT VALUE PKG FRONT LICENSE PLATE BRACKET BLIS W/TRAILER TOW MONITORING CALIFORNIA EMISSIONS SYSTEM TWIN PANEL MOONROOF PRO TRAILER BACKUP ASSIST VOICE-ACTIVATED NAVIGATION TRAILER TOW PACKAGE MIRROR MAN FOLD W/POWER GLASS LED SIDE-MIRROR SPOTLIGHTS LED SIDE-MIRROR SPOTLIGHTS SYNC CONNECT TAILGATE STEP 36GAL EXTENDED RANGE FUEL TANK INTEGRATED TRAILER BRAKE CONT XLT POWER EQUIPMENT GROUP PKG POWER-SLIDING REAR WINDOW LED BOX LIGHTING	(MSRP) 395.00 1995.00 570.00 NO CHARGE 590.00 NO CHARGE 1295.00 795.00 995.00 175.00 235.00 375.00 445.00 275.00 725.00	695.00 TOTAL VEHICLE & OPTIONS/OTHER 180.00 DESTINATION & DELIVERY 495.00	15055.00 57110.00 1495.00 58605.00 - 1750.00 - 500.00 - 250.00 - 2500.00
RAMP ONE <b>CM59</b>		<b>TOTAL MSRP \$56,105.00</b>	
RAMP TWO <b>CONVOY</b> ITEM #: 71-3894 O/T 59		Whether you decide to lease or finance your vehicle, you'll find the choices that are right for you. See your dealer for details or visit <a href="http://www.ford.com/finance">www.ford.com/finance</a> . <b>FORD CREDIT</b>	
This label is affixed pursuant to the Federal Automobile Information Disclosure Act. Gasoline, License, and Title Fees, State and Local taxes are not included. Dealer installed options or accessories are not included unless listed above.		<b>SPECIAL ORDER</b>	

MSRP - \$42,055.00

Destination - \$1,495.00

Base Value - \$43,550.00

# Summary of Vehicle Value

## Toyota Camry Monroney Sticker

<p>Year: 2019 Make: Toyota Model: Camry SE VIN: 4T1B11HK5KU16516</p>	<p>Engine: 4 Cylinder Engine Transmission: 8AT Exterior: Celestial Silver Metallic Interior: Black (wood Black)</p>
<p><b>MECHANICAL</b></p> <ul style="list-style-type: none"> <li>Front-Wheel Drive</li> <li>2.80 Aisle Ratio</li> <li>Battery w/Run Down Protection</li> <li>Gas-Pressurized Shock Absorbers</li> <li>Front And Rear Anti-Roll Bars</li> <li>Sport Tuned Suspension</li> <li>Electric Power-Assist Speed-Sensing Steering</li> <li>16 Gal. Fuel Tank</li> <li>Single Stainless Steel Exhaust w/Chrome Tailpipe Finisher</li> <li>Strut Front Suspension w/Coil Springs</li> <li>Double Wishbone Rear Suspension w/Coil Springs</li> <li>4-Wheel Disc Brakes w/4-Wheel ABS, Front Vented Discs, Brake Assist and Hill Hold Control</li> </ul>	<p><b>EXTERIOR</b></p> <ul style="list-style-type: none"> <li>Wheels: 8.0J x 18" Black Machined-Finish Alloy</li> <li>Tires: P235/45R18 AS</li> <li>Steel Spare Wheel</li> <li>Compact Spare Tire Mounted Inside Under Cargo</li> <li>Clearcoat Paint</li> <li>Body-Colored Front Bumper</li> <li>Body-Colored Rear Bumper</li> <li>Chrome Side Windows Trim</li> <li>Body-Colored Door Handles</li> <li>Body-Colored Power Side Mirrors w/Manual Folding</li> <li>Fixed Rear Window w/Defroster</li> <li>Light Tinted Glass</li> <li>Variable Intermittent Wipers</li> <li>Front Windshield -inc: Sun Visor Strip</li> <li>Galvanized Steel/Aluminum Panels</li> <li>Lip Spoiler</li> <li>Black Grille</li> <li>Trunk Rear Cargo Access</li> <li>Fully Automatic Projector Beam Led Low/High Beam</li> <li>Daytime Running Auto High-Beam Headlamps w/Delay-Off</li> <li>LED Brakeights</li> </ul>
<p><b>ENTERTAINMENT</b></p> <ul style="list-style-type: none"> <li>Radio: Entune 3.0 Audio -inc: Connected Navigation and App Suite, 7" touch-screen, AM/FM, MP3/WMA playback capability, 6 speakers, Connected Navigation Scout GPS Link App showing maps w/3-year complimentary trial, Entune App Suite, Siri Eyes Free, Google voice controls, auxiliary audio jack, USB 2.0 port w/iPod connectivity and control, hands-free phone capability, voice recognition, music streaming via Bluetooth wireless technology, Apple CarPlay compatibility, Amazon Alexa compatibility, Safety Connect w/3-year trial, Wi-Fi Connect powered by Verizon w/up to 2GB within 6-month trial and shark-fin antenna</li> <li>Radio w/Seek-Scan, Clock, Speed Compensated Volume Control and Steering Wheel Controls</li> <li>Window Grid Antenna</li> <li>2 LCD Monitors In The Front</li> </ul>	<p><b>INTERIOR</b></p> <ul style="list-style-type: none"> <li>Front Bucket Seats -inc: 8-way power-adjustable driver seat w/power lumbar support and 6-way adjustable front passenger seat</li> <li>Driver Seat</li> <li>6-Way Passenger Seat -inc: Manual Recline, Height Adjustment and Fore/Aft Movement</li> <li>60-40 Folding Bench Front Facing Fold Forward Seatback Rear Seat</li> <li>Manual Tilt/Telescoping Steering Column</li> <li>Gauges -inc: Speedometer, Odometer, Engine Coolant Temp, Tachometer, Trip Odometer and Trip Computer</li> <li>Power Rear Windows</li> <li>Sport Leather/Metal-Look Steering Wheel</li> <li>Front Cupholder</li> <li>Rear Cupholder</li> <li>Valet Function</li> <li>Remote Keyless Entry w/Integrated Key Transmitter, 2 Door Curb/Courtesy, Illuminated Entry, Illuminated Ignition Switch and Panic Button</li> <li>Remote Releases -inc: Mechanical Cargo Access and Mechanical Fuel</li> </ul>
<p><b>SAFETY</b></p> <ul style="list-style-type: none"> <li>Electronic Stability Control</li> <li>ABS And Driveline Traction Control</li> <li>Side Impact Beams</li> <li>Dual Stage Driver And Passenger Seat-Mounted Side Airbags</li> <li>Toyota Safety Sense P</li> <li>Lane Departure Alert w/Steering Assist Lane Keeping Assist</li> <li>Lane Departure Alert w/Steering Assist Lane Departure Warning</li> <li>Tire Specific Low Tire Pressure Warning</li> <li>Dual Stage Driver And Passenger Front Airbags</li> <li>Curtain 1st And 2nd Row Airbags</li> <li>Airbag Occupancy Sensor</li> <li>Driver And Passenger Knee Airbag and Rear Side-Impact Airbag</li> <li>Rear Child Safety Locks</li> <li>Outboard Front Lap And Shoulder Safety Belts -inc: Rear Center 3 Point, Height Adjusters and Pretensioners</li> <li>Back-Up Camera</li> </ul>	<p><b>CITY MPG</b> <b>28</b></p> <p><b>HIGHWAY MPG</b> <b>39</b></p> <p><b>MSRP</b> <b>\$25,550.00</b></p> <p><b>INSTALLED OPTIONS</b></p> <p><b>MSRP</b> <b>\$0</b></p> <p><b>Original Shipping Charge</b> <b>\$920</b></p> <p><b>RETAIL PRICE (ORIGINALLY NEW)</b> <b>\$26,470.00</b></p>

**Arlington Toyota**  
arlingtontoyota.com  
904-302-9611

**\$25,550.00**

**\$0**

**\$920**

**\$26,470.00**

MSRP - \$25,550.00

Destination- \$920.00

Base Value- \$26,470.00

# Questions?