

**SENATE**  
**STATE OF MINNESOTA**  
**NINETY-SECOND SESSION**

**S.F. No. 856**

(SENATE AUTHORS: JOHNSON STEWART)

DATE  
02/11/2021

D-PG

Introduction and first reading  
Referred to Transportation Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act  
 1.2 relating to transportation; taxes; modifying calculation of the motor fuels tax;  
 1.3 amending Minnesota Statutes 2020, sections 296A.07, subdivision 3; 296A.08,  
 1.4 subdivision 2.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2020, section 296A.07, subdivision 3, is amended to read:

1.7 Subd. 3. **Rate of tax.** (a) The gasoline excise tax is imposed at the following rates:

1.8 (1) E85 is taxed at the rate of 17.75 cents per gallon;

1.9 (2) M85 is taxed at the rate of 14.25 cents per gallon; and

1.10 (3) all other gasoline is taxed at the rate of 25 cents per gallon.

1.11 (b) On or before April 1, 2022, and on or before April 1 in each subsequent year, the  
 1.12 commissioner must determine the tax rate applicable to the sale of E85, M85, and all other  
 1.13 gasoline subject to tax under this section for the upcoming 12-month period, beginning  
 1.14 October 1, by adding to the current fiscal year tax rate the percentage increase, if any, in  
 1.15 the National Highway Construction Cost Index for the previous calendar year. The tax rate  
 1.16 must be rounded to the nearest tenth of a cent. The tax rates for E85, M85, and all other  
 1.17 gasoline must not be lower than the respective rates specified in paragraph (a).

1.18 (c) For purposes of this subdivision, the National Highway Construction Cost Index is  
 1.19 as determined by the United States Department of Transportation.

1.20 **EFFECTIVE DATE.** This section is effective for tax imposed after September 30,  
 1.21 2022.

2.1 Sec. 2. Minnesota Statutes 2020, section 296A.08, subdivision 2, is amended to read:

2.2 Subd. 2. **Rate of tax.** (a) The special fuel excise tax is imposed at the following rates:

2.3 ~~(a)~~ (1) liquefied petroleum gas or propane is taxed at the rate of 18.75 cents per gallon;

2.4 ~~(b)~~ (2) liquefied natural gas is taxed at the rate of 15 cents per gallon;

2.5 ~~(c)~~ (3) compressed natural gas is taxed at the rate of \$1.974 per thousand cubic feet; or  
2.6 25 cents per gasoline equivalent. ~~For purposes of this paragraph, "gasoline equivalent," as~~  
2.7 ~~defined by the National Conference on Weights and Measures, is 5.66 pounds of natural~~  
2.8 ~~gas or 126.67 cubic feet.; and~~

2.9 ~~(d)~~ (4) all other special fuel is taxed at the same rate as the gasoline excise tax as specified  
2.10 in section 296A.07, subdivision 2.

2.11 (b) On or before April 1, 2022, and on or before April 1 in each subsequent year, the  
2.12 commissioner must determine the tax rate applicable to the sale of special fuels subject to  
2.13 tax under this section for the upcoming 12-month period, beginning October 1, by adding  
2.14 to the current fiscal year tax rate the percentage increase, if any, calculated under section  
2.15 296A.07, subdivision 3, paragraph (b). The tax rate must be rounded to the nearest tenth of  
2.16 a cent. The tax rates for liquefied natural gas or propane, liquefied natural gas, compressed  
2.17 natural gas, and all other special fuel must not be lower than the respective rates specified  
2.18 in paragraph (a).

2.19 (c) The tax is payable in the form and manner prescribed by the commissioner.

2.20 (d) For purposes of this paragraph, "gasoline equivalent," as defined by the National  
2.21 Conference on Weights and Measures, is 5.66 pounds of natural gas or 126.67 cubic feet.

2.22 **EFFECTIVE DATE.** This section is effective for tax imposed after September 30,  
2.23 2022.