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State of Minnesota  
**HOUSE OF REPRESENTATIVES**  
EIGHTY-NINTH SESSION  
**H. F. No. 2108**

03/25/2015 Authored by Hamilton

The bill was read for the first time and referred to the Committee on Transportation Policy and Finance

1.1 A bill for an act  
1.2 relating to transportation; providing for financing of transportation; making  
1.3 appropriations; establishing certain transportation aids; authorizing sale and  
1.4 issuance of state bonds; amending Minnesota Statutes 2014, sections 97A.055,  
1.5 subdivision 2; 161.088, by adding a subdivision; 297A.94; proposing coding for  
1.6 new law in Minnesota Statutes, chapter 162.

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

1.8 **ARTICLE 1**

1.9 **APPROPRIATIONS**

1.10 Section 1. **TRANSPORTATION APPROPRIATIONS.**

1.11 Subdivision 1. **Corridors of commerce.** The amount available in the corridors of  
1.12 commerce account under Minnesota Statutes, section 161.088, in fiscal year 2016 and  
1.13 fiscal year 2017 is appropriated from the account to the commissioner of transportation  
1.14 for the corridors of commerce program under that section.

1.15 Subd. 2. **Small cities transportation aid.** The amount available in the small  
1.16 cities transportation aid account under Minnesota Statutes, section 162.145, in fiscal  
1.17 year 2016 and fiscal year 2017 is appropriated from the account to the commissioner of  
1.18 transportation for transportation assistance under that section.

1.19 Subd. 3. **MSAS cities transportation aid.** The amount available in the MSAS  
1.20 cities transportation aid account under Minnesota Statutes, section 162.145, in fiscal  
1.21 year 2016 and fiscal year 2017 is appropriated from the account to the commissioner of  
1.22 transportation for transportation assistance under that section.

2.1ARTICLE 2

2.2TRANSPORTATION BONDING

2.3Section 1. BOND APPROPRIATIONS.

2.4The sums shown in the column under "Appropriations" are appropriated from

2.5the bond proceeds account in the trunk highway fund, or another named fund, to the

2.6state agencies or officials indicated, to be spent for public purposes. Appropriations of

2.7bond proceeds must be spent as authorized by the Minnesota Constitution, article XI,

2.8section 5, paragraph (a), to acquire and better public land and buildings and other public

2.9improvements of a capital nature, or as authorized by the Minnesota Constitution, article

2.10XI, section 5, paragraphs (b) to (j), or article XIV. Unless otherwise specified, money

2.11appropriated in this article for a capital program or project may be used to pay state agency

2.12staff costs that are attributed directly to the capital program or project in accordance with

2.13accounting policies adopted by the commissioner of management and budget.

2.14SUMMARY

2.15	<u>Department of Transportation</u>	\$	<u>2,000,000,000</u>
2.16	<u>Department of Management and Budget</u>		<u>2,000,000</u>
2.17	<b><u>TOTAL</u></b>	<b>\$</b>	<b><u>2,002,000,000</u></b>

2.18APPROPRIATIONS

2.19	Sec. 2. <b><u>DEPARTMENT OF</u></b>		
2.20	<b><u>TRANSPORTATION</u></b>	<b>\$</b>	<b><u>2,000,000,000</u></b>

2.21This appropriation is to the commissioner of

2.22transportation for the corridors of commerce

2.23program under Minnesota Statutes, section

2.24161.088, and is available in the amount of

2.25\$200,000,000 in each year for fiscal years

2.262016 through 2025.

2.27The commissioner may use up to 17 percent

2.28of the amount each year for program delivery.

2.29In any fiscal year covered by this

2.30appropriation, the commissioner may

2.31identify projects based on previous selection

2.32processes under the program or may perform

2.33a new selection.

3.1 The appropriations in this section cancel as  
3.2 specified under Minnesota Statutes, section  
3.3 16A.642, except that the commissioner of  
3.4 management and budget shall count the start  
3.5 of authorization for issuance of state bonds  
3.6 as the first day of the fiscal year during  
3.7 which the bonds are available to be issued as  
3.8 specified in each subdivision and not as the  
3.9 date of enactment of this section.

3.10 Sec. 3. **BOND SALE EXPENSES** **\$** **2,000,000**

3.11 This appropriation is to the commissioner  
3.12 of management and budget for bond  
3.13 sale expenses under Minnesota Statutes,  
3.14 sections 16A.641, subdivision 8, and 167.50,  
3.15 subdivision 4, and is effective through 2027.

3.16 Sec. 4. **BOND SALE AUTHORIZATION.**

3.17 To provide the money appropriated in this article from the bond proceeds account in  
3.18 the trunk highway fund, the commissioner of management and budget shall sell and issue  
3.19 bonds of the state in an amount up to \$2,002,000,000 in the manner, upon the terms, and  
3.20 with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the  
3.21 Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested  
3.22 by the commissioner of transportation. The proceeds of the bonds, except accrued interest  
3.23 and any premium received from the sale of the bonds, must be deposited in the bond  
3.24 proceeds account in the trunk highway fund.

3.25 Sec. 5. **EFFECTIVE DATE.**

3.26 This article is effective July 1, 2015.

### 3.27 **ARTICLE 3**

### 3.28 **SALES TAXES**

3.29 Section 1. Minnesota Statutes 2014, section 97A.055, subdivision 2, is amended to read:

3.30 Subd. 2. **Receipts.** The commissioner of management and budget shall credit to the  
3.31 game and fish fund all money received under the game and fish laws and all income from  
3.32 state lands acquired by purchase or gift for game or fish purposes, including receipts from:

(1) licenses and permits issued;  
(2) fines and forfeited bail;  
(3) sales of contraband, wild animals, and other property under the control of the division;  
(4) fees from advanced education courses for hunters and trappers;  
(5) reimbursements of expenditures by the division;  
(6) contributions to the division; and  
(7) revenue credited to the game and fish fund under section 297A.94, paragraph (e) (h), clause (1).

Sec. 2. Minnesota Statutes 2014, section 297A.94, is amended to read:

**297A.94 DEPOSIT OF REVENUES.**

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of management and budget shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 1, in the state treasury and credit them to the general fund. By July 15 of each year, the commissioner shall transfer from the general

5.1 fund to the MSAS cities transportation aid account under section 162.145 an amount equal  
5.2 to the revenues collected under this paragraph for the previous calendar year.

5.3 (e) The commissioner shall deposit the revenues, including interest and penalties,  
5.4 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the  
5.5 general fund. By July 15 of each year the commissioner shall transfer to the highway user  
5.6 tax distribution fund an amount equal to the excess fees collected under section 297A.64,  
5.7 subdivision 5, for the previous calendar year.

5.8 (f) By July 15 of each year, the commissioner shall transfer from the general fund to  
5.9 the small cities transportation aid account under section 162.145 an amount equal to the  
5.10 estimated revenues, including interest and penalties, collected under the tax rate imposed  
5.11 under section 297A.62, subdivision 1, on the sale or purchase of rental motor vehicles  
5.12 subject to section 297A.64 during the previous calendar year. The commissioner shall  
5.13 estimate the amount of total sales tax revenues transferred under this paragraph based on  
5.14 the amount of revenue deposited in paragraph (d).

5.15 (g) By July 15, 2015, the commissioner shall transfer \$238,900,000 from the general  
5.16 fund to the corridors of commerce account in the trunk highway fund under section  
5.17 161.088, as the estimated amount of taxes collected from the sale and purchase of motor  
5.18 vehicle parts in calendar year 2014. By July 15 of each subsequent year, the commissioner  
5.19 shall transfer from the general fund to the corridors of commerce account in the trunk  
5.20 highway fund an amount equal to the estimated revenues, including interest and penalties,  
5.21 collected in tax from the sale or purchase of motor vehicle repair and replacement parts.  
5.22 Beginning June 30, 2016, and by June 30 of every fourth year thereafter, the commissioner  
5.23 will estimate the percentage of total sales tax revenues collected in the previous calendar  
5.24 year that is attributable to sales and purchases of motor vehicle parts based on federal data  
5.25 and department consumption models. The amount of sales tax revenue to be transferred  
5.26 to the corridors of commerce account on each July 15 is equal to the most recently  
5.27 calculated percentage estimate under this paragraph multiplied by the total sales tax  
5.28 revenues collected in the previous calendar year. For purposes of this paragraph, "motor  
5.29 vehicle" has the meaning given in section 297B.01, subdivision 11, and "motor vehicle  
5.30 repair and replacement parts" includes:

5.31 (1) all parts, tires, accessories, and equipment incorporated into or affixed to the  
5.32 motor vehicle as part of the motor vehicle maintenance or repair; and

5.33 (2) paint, oil, and other fluids that remain on or in the motor vehicle as part of the  
5.34 motor vehicle maintenance or repair.

6.1           ~~(e)~~ (h) 72.43 percent of the revenues, including interest and penalties, transmitted  
6.2 to the commissioner under section 297A.65, must be deposited by the commissioner  
6.3 in the state treasury as follows:

6.4           (1) 50 percent of the receipts must be deposited in the heritage enhancement account  
6.5 in the game and fish fund, and may be spent only on activities that improve, enhance, or  
6.6 protect fish and wildlife resources, including conservation, restoration, and enhancement  
6.7 of land, water, and other natural resources of the state;

6.8           (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and  
6.9 may be spent only for state parks and trails;

6.10          (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and  
6.11 may be spent only on metropolitan park and trail grants;

6.12          (4) three percent of the receipts must be deposited in the natural resources fund, and  
6.13 may be spent only on local trail grants; and

6.14          (5) two percent of the receipts must be deposited in the natural resources fund,  
6.15 and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and  
6.16 Conservatory, and the Duluth Zoo.

6.17          ~~(f)~~ (i) The revenue dedicated under paragraph ~~(e)~~ (h) may not be used as a substitute  
6.18 for traditional sources of funding for the purposes specified, but the dedicated revenue  
6.19 shall supplement traditional sources of funding for those purposes. Land acquired with  
6.20 money deposited in the game and fish fund under paragraph ~~(e)~~ (h) must be open to public  
6.21 hunting and fishing during the open season, except that in aquatic management areas or  
6.22 on lands where angling easements have been acquired, fishing may be prohibited during  
6.23 certain times of the year and hunting may be prohibited. At least 87 percent of the money  
6.24 deposited in the game and fish fund for improvement, enhancement, or protection of fish  
6.25 and wildlife resources under paragraph ~~(e)~~ (h) must be allocated for field operations.

6.26          ~~(g)~~ (j) The revenues deposited under paragraphs (a) to ~~(f)~~ (i) do not include the  
6.27 revenues, including interest and penalties, generated by the sales tax imposed under  
6.28 section 297A.62, subdivision 1a, which must be deposited as provided under the  
6.29 Minnesota Constitution, article XI, section 15.

6.30           **EFFECTIVE DATE.** This section is effective July 1, 2015, and applies for revenues  
6.31 collected in fiscal year 2015 and thereafter.

**ARTICLE 4****TRANSPORTATION FINANCE**

Section 1. Minnesota Statutes 2014, section 161.088, is amended by adding a subdivision to read:

Subd. 2a. **Corridors of commerce account.** (a) A corridors of commerce account is established in the trunk highway fund. The account consists of funds as provided under section 297A.94, and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account may only be expended on a trunk highway project as provided under this section.

(b) Of any appropriation by law from this account, funds must first be used for debt service on bonds issued under article 2 for the program under this section.

**Sec. 2. [162.145] CITY TRANSPORTATION AIDS.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Adjusted road miles" means the lesser of:

(1) 30; or

(2) the centerline miles of a city's municipal streets.

(c) "Minimum small city aid" means the lesser of:

(1) 2,500; or

(2) the total amount available under the small cities transportation account in a fiscal year, multiplied by 0.000125.

(d) "Minimum MSAS city aid" means the lesser of:

(1) 60,000; or

(2) the total amount available under the MSAS cities transportation account in a fiscal year, multiplied by 0.00263.

(e) "MSAS city" means a statutory or home rule charter city that receives municipal state aid under sections 162.09 to 162.14 in the calendar year in which funds are distributed under this section.

(f) "Per capita maximum" means 40 multiplied by the population of a city.

(g) "Population" means the population estimated or established as of 30 days before the date of an allocation under subdivision 4 by the most recent date, based on the stated date of the count or estimate, of:

(1) the most recent federal census;

8.1 (2) a special census conducted under contract with the United States Bureau of  
8.2 the Census;

8.3 (3) a population estimate made by the Metropolitan Council pursuant to section  
8.4 473.24; or

8.5 (4) a population estimate of the state demographer made pursuant to section 4A.02.

8.6 (h) "Small city" means a statutory or home rule charter city that does not receive  
8.7 municipal state aid under sections 162.09 to 162.14 in the calendar year in which funds  
8.8 are distributed under this section.

8.9 Subd. 2. **Transportation aid accounts.** (a) A small cities transportation aid account  
8.10 is created in the special revenue fund. The account consists of funds as provided under  
8.11 section 297A.94, and any other money donated, allotted, transferred, or otherwise provided  
8.12 to the account. Money in the account may only be expended as provided under this section.

8.13 (b) A MSAS cities transportation aid account is created in the special revenue fund.  
8.14 The account consists of funds as provided under section 297A.94, and any other money  
8.15 donated, allotted, transferred, or otherwise provided to the account. Money in the account  
8.16 may only be expended as provided under this section.

8.17 Subd. 3. **Administration.** Subject to funds made available by law specifically  
8.18 under this section, the commissioner shall allocate all funds in a fiscal year as provided  
8.19 in subdivision 4 or 5, and shall make payments to cities in two installments on July 20  
8.20 and December 26.

8.21 Subd. 4. **Distribution formula; small cities.** (a) In each year funds are available  
8.22 under this section for small cities, the commissioner shall allocate to each small city  
8.23 an amount that is equal to the greater of:

8.24 (1) the minimum small city aid; or

8.25 (2) the lesser of:

8.26 (i) an aid factor, multiplied by the city's adjusted road miles; or

8.27 (ii) the per capita maximum.

8.28 (b) The commissioner shall set the aid factor, which must be the same for all small  
8.29 cities, so that the total funds allocated under this subdivision equals the total amount  
8.30 available in the small cities transportation account for the fiscal year.

8.31 Subd. 5. **Distribution formula; MSAS cities.** (a) In each year funds are available  
8.32 under this section for MSAS cities, the commissioner shall allocate to each MSAS city  
8.33 an amount that is equal to the greater of:

8.34 (1) the minimum MSAS city aid; or

8.35 (2) the lesser of:

8.36 (i) an aid factor, multiplied by the centerline miles of the city's municipal streets; or



9.1 (ii) the per capita maximum.

9.2 (b) The commissioner shall set the aid factor, which must be the same for all MSAS  
9.3 cities, so that the total funds allocated under this subdivision equals the total amount  
9.4 available in the MSAS cities transportation account for the fiscal year.

9.5 Subd. 6. Use of funds. (a) Funds distributed under this section are available only for  
9.6 construction and maintenance of roads located within the city, including:

9.7 (1) land acquisition, environmental analysis, design, engineering, construction,  
9.8 reconstruction, and maintenance;

9.9 (2) road projects partially located within the city;

9.10 (3) projects on county state-aid highways located within the city; and

9.11 (4) cost participation on road projects under the jurisdiction of another unit of  
9.12 government.

9.13 (b) Funds distributed under this section to MSAS cities are not available for roads on  
9.14 the municipal state-aid street system under this chapter.

9.15 (c) Funds distributed under this section are not subject to state aid requirements  
9.16 under this chapter, including but not limited to engineering standards under rules adopted  
9.17 by the commissioner.

9.18 **EFFECTIVE DATE.** This section is effective July 1, 2015.

APPENDIX  
Article locations in 15-3978

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