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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 3977

03/02/2020 Authored by Brand, Torkelson, Considine and Hornstein
The bill was read for the first time and referred to the Transportation Finance and Policy Division
03/09/2020 Adoption of Report: Re-referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to transportation; providing for deposit of certain revenues and security
1.3 for certain federal loans; establishing accounts; appropriating money; amending
1.4 Laws 2010, chapter 351, section 69; proposing coding for new law in Minnesota
1.5 Statutes, chapter 169.

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

1.7 Section 1. 169.882] DEPOSIT OF CERTAIN REVENUES; SECURITY FOR LOAN.

1.8 Subdivision 1. Security for federal loan agreement. A loan entered into by the
1.9 commissioners of transportation and management and budget pursuant to Laws 2010, chapter
1.10 351, section 69, and any interest thereon shall be payable solely from and secured by the
1.11 revenues appropriated and transferred to the loan fund established for this purpose in
1.12 subdivision 4 and investment income thereon and any reserve established for the loan. The
1.13 loan is not public debt, and the full faith, credit, and taxing powers of the state are not
1.14 pledged for its payment. The loan and the interest thereon shall not be paid, directly or
1.15 indirectly, in whole or in part, from a tax of statewide application on any class of property,
1.16 income, transaction, or privilege.

1.17 Subd. 2. Special revenue account established; nondedicated permit fees defined. (a)
1.18 Notwithstanding section 169.86, subdivision 5, there is established in the state treasury a
1.19 separate and special revenue account for deposit of the nondedicated transportation permit
1.20 fees.

1.21 (b) "Nondedicated transportation permit fees" means fees collected from the permits
1.22 issued by the commissioner of transportation under section 169.86, subdivision 5, but does
1.23 not include the fee described in section 169.86, subdivision 5, paragraph (i).

2.1 Subd. 3. Fees credited to special revenue account. (a) During any period in which a
2.2 loan is entered into and remains outstanding under subdivision 1 and Laws 2010, chapter
2.3 351, section 69, all nondedicated transportation permit fees must be credited to the special
2.4 revenue account established in subdivision 2.

2.5 (b) Money credited to the special revenue account must be transferred to the loan fund
2.6 established in subdivision 4, at the times and in the amounts determined by the commissioners
2.7 of transportation and management and budget to be necessary to provide for the payment
2.8 and security of a loan entered into pursuant to Laws 2010, chapter 351, section 69, costs of
2.9 issuance, any reserve, refinancing costs, and necessary administrative expenses associated
2.10 with the loan.

2.11 (c) Any money in the special revenue account not required to be transferred to the loan
2.12 fund must be annually transferred to the trunk highway fund. If a loan is not entered into
2.13 and outstanding under subdivision 1, all nondedicated transportation permit fees must be
2.14 credited to the trunk highway fund.

2.15 Subd. 4. Loan fund established. There is established in the state treasury a separate
2.16 and special loan fund. Money transferred or appropriated to the fund and investment income
2.17 thereon on hand or required to be transferred to the fund shall be used and is irrevocably
2.18 appropriated for the payment of the principal and interest on a loan authorized under
2.19 subdivision 1 and Laws 2010, chapter 351, section 69, when due, costs of issuance, any
2.20 reserve, refinancing costs, and necessary administrative expenses associated with the loan.

2.21 Subd. 5. Covenants and agreements. (a) The commissioners of transportation and
2.22 management and budget may, for and on behalf of the state, enter into such covenants and
2.23 agreements not inconsistent with this section as may be necessary or desirable to facilitate
2.24 the execution and delivery of a loan agreement authorized under subdivision 1 and Laws
2.25 2010, chapter 351, section 69, on terms favorable to the state, including but not limited to
2.26 covenants and agreements relating to the payment of and security for the loan agreement
2.27 and disclosure of information required by the federal government and federal and state
2.28 securities laws.

2.29 (b) Such covenants and agreements of the commissioners of transportation and
2.30 management and budget constitute an enforceable contract of the state, and the state shall
2.31 pledge and agree with the holders of any loan agreement that the state will not limit or alter
2.32 the rights vested in the commissioners of transportation and management and budget to
2.33 fulfill the terms of any such covenants or agreements made with the holders of the loan
2.34 agreement or in any way impair the rights and remedies of the holders until the loan

3.1 agreement, together with the interest thereon, with interest on any unpaid installments of
 3.2 interest, and all costs and expenses in connection with any action or proceeding by or on
 3.3 behalf of such holders, are fully met and discharged.

3.4 (c) The commissioners of transportation and management and budget are authorized to
 3.5 include this pledge and agreement of the state in any covenant or agreement with the holders
 3.6 of such loan agreement.

3.7 (d) Such covenants may also include covenants to seek increased nondedicated
 3.8 transportation permit fees so long as any loan agreement issued pursuant to this section is
 3.9 outstanding.

3.10 (e) Sections 16A.672 and 16A.675 apply to any bonds or certificates of indebtedness
 3.11 issued to carry out the provisions of this section.

3.12 Subd. 6. **Applicability.** Subdivisions 2 and 3 do not apply to any permit described in
 3.13 section 169.86, subdivision 5, that is determined by the attorney general or a court of
 3.14 competent jurisdiction to be a tax.

3.15 Subd. 7. **Waiver of immunity.** The waiver of immunity by the state provided for by
 3.16 section 3.751, subdivision 1, applies to the loan, any certificates of indebtedness, and any
 3.17 ancillary contracts to which the commissioners of transportation and management and
 3.18 budget are parties under this section.

3.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.20 Sec. 2. Laws 2010, chapter 351, section 69, is amended to read:

3.21 **Sec. 69. TIFIA PILOT PROGRAM.**

3.22 (a) The commissioner of transportation may conduct a pilot program to apply for and
 3.23 receive financial assistance under the Transportation Infrastructure Finance and Innovation
 3.24 Act of 1998 (TIFIA), United States Code, title 23, chapter 6, or through other federal
 3.25 transportation loan, grant, or credit assistance programs. The assistance may include but is
 3.26 not limited to loans, loan guarantees, and lines of credit. The commissioner may enter into
 3.27 agreements to repay the financial assistance subject to the availability of state money or
 3.28 other dedicated revenue or resources, with the approval of the commissioner of Minnesota
 3.29 Management and Budget.

3.30 (b) The pilot program under this section is available for one transportation project
 3.31 identified by the commissioner.

4.1 (c) Upon completion of the transportation project under the pilot program, the
4.2 commissioner shall submit a report on the pilot program to the chairs and ranking minority
4.3 members of the house of representatives and senate committees having jurisdiction over
4.4 transportation policy and finance. At a minimum, the report must: describe the transportation
4.5 project undertaken and each financing mechanism utilized; analyze the effectiveness of
4.6 each financing mechanism; evaluate the costs, risks, and benefits of additional participation
4.7 in federal financial assistance programs; and provide any recommendations for related
4.8 legislative changes. The report may be submitted electronically, and is subject to Minnesota
4.9 Statutes, section 3.195, subdivision 1.

4.10 (d) An amount sufficient to repay the financial assistance as specified in paragraph (a)
4.11 is annually appropriated from the loan fund created in Minnesota Statutes, section 169.882.

4.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.