

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 884

(SENATE AUTHORS: DIBBLE, Carlson, Kent, Frentz and Franzen)

DATE	D-PG	OFFICIAL STATUS
02/13/2017	580	Introduction and first reading Referred to Rules and Administration
02/15/2017	613	Author added Franzen

1.1 A bill for an act

1.2 relating to transportation; establishing the governor's budget for transportation and

1.3 public safety activities; modifying various provisions governing transportation

1.4 and public safety finance; imposing a motor fuels gross receipts tax and a

1.5 metropolitan area transit sales and use tax; renewing and clarifying certain fees;

1.6 making technical changes; appropriating money; authorizing the sale and issuance

1.7 of state bonds; amending Minnesota Statutes 2016, sections 115A.908; 161.081,

1.8 subdivision 3; 161.3212; 161.46, subdivision 2; 168.013, subdivision 1a; 168.33,

1.9 subdivision 7; 168A.29, subdivision 1; 169.86, subdivision 5; 169.865, subdivisions

1.10 1, 2; 169.866, subdivision 3; 171.06, subdivision 2; 219.015, subdivisions 1, 2;

1.11 219.1651; 222.49; 222.50, subdivisions 6, 7; 296A.11; 296A.12; 296A.16,

1.12 subdivisions 1, 2, 3, 4, 4a, 4b, 5; 296A.18, subdivisions 2, 3, 4, 5, 6, 7; 297A.99,

1.13 subdivision 1; 299A.705, subdivision 3; 299D.03, subdivision 5; proposing coding

1.14 for new law in Minnesota Statutes, chapters 160; 162; 174; 219; 296A; 297A; 473;

1.15 repealing Minnesota Statutes 2016, sections 168.013, subdivision 21; 169.826,

1.16 subdivision 7; 169.8261, subdivision 3; 169.86, subdivision 5a; 169.863,

1.17 subdivision 3; 169.865, subdivision 5; 169.866, subdivision 4; 473.4051,

1.18 subdivision 2; Laws 2012, chapter 287, article 1, section 1, subdivision 6.

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

1.20 **ARTICLE 1**

1.21 **TRANSPORTATION AND PUBLIC SAFETY APPROPRIATIONS**

1.22 Section 1. **SUMMARY OF APPROPRIATIONS.**

1.23 The amounts shown in this section summarize direct appropriations, by fund, made in

1.24 this article.

	<u>2018</u>	<u>2019</u>	<u>Total</u>
1.25 <u>General</u>	\$ <u>115,691,000</u>	\$ <u>110,402,000</u>	\$ <u>226,093,000</u>
1.26 <u>Airports</u>	<u>22,609,000</u>	<u>22,609,000</u>	<u>45,218,000</u>
1.27 <u>C.S.A.H.</u>	<u>915,505,000</u>	<u>1,080,276,000</u>	<u>1,995,781,000</u>
1.28 <u>M.S.A.S.</u>	<u>288,843,000</u>	<u>373,581,000</u>	<u>662,424,000</u>

3.1 This appropriation is from the state airports
3.2 fund and must be spent according to
3.3 Minnesota Statutes, section 360.305,
3.4 subdivision 4.

3.5 The base appropriation is \$15,298,000 for
3.6 fiscal year 2020 and \$15,298,000 for fiscal
3.7 year 2021.

3.8 Notwithstanding Minnesota Statutes, section
3.9 16A.28, subdivision 6, this appropriation is
3.10 available for five years after appropriation. If
3.11 the appropriation for either year is insufficient,
3.12 the appropriation for the other year is available
3.13 for it.

3.14 If the commissioner of transportation
3.15 determines that a balance remains in the state
3.16 airports fund following the appropriations
3.17 made in this article, and that the appropriations
3.18 made are insufficient for advancing airport
3.19 development and assistance projects, an
3.20 amount necessary to advance the projects, not
3.21 to exceed the balance in the state airports fund,
3.22 is appropriated in each year to the
3.23 commissioner and must be spent according to
3.24 Minnesota Statutes, section 360.305,
3.25 subdivision 4. Within two weeks of a
3.26 determination under this contingent
3.27 appropriation, the commissioner of
3.28 transportation must notify the commissioner
3.29 of management and budget and the chairs and
3.30 ranking minority members of the legislative
3.31 committees with jurisdiction over
3.32 transportation finance concerning funds
3.33 appropriated. Funds appropriated under this
3.34 contingent appropriation do not adjust the base
3.35 appropriation for fiscal years 2020 and 2021.

4.1	<u>(2) Aviation Support Services</u>		<u>6,790,000</u>	<u>6,934,000</u>
4.2		<u>Appropriations by Fund</u>		
4.3		<u>2018</u>	<u>2019</u>	
4.4	<u>Airports</u>	<u>5,311,000</u>	<u>5,311,000</u>	
4.5	<u>Trunk Highway</u>	<u>1,479,000</u>	<u>1,623,000</u>	
4.6	<u>\$80,000 in each year is from the state airports</u>			
4.7	<u>fund for the Civil Air Patrol.</u>			
4.8	<u>The base appropriation from the trunk</u>			
4.9	<u>highway fund is \$1,623,000 in fiscal year 2020</u>			
4.10	<u>and \$1,623,000 in fiscal year 2021.</u>			
4.11	<u>(3) State Plane Purchase</u>		<u>10,000,000</u>	<u>-0-</u>
4.12	<u>This is a onetime appropriation from the</u>			
4.13	<u>general fund to be used in conjunction with</u>			
4.14	<u>the proceeds of the sale of the existing planes</u>			
4.15	<u>for the replacement of two state airplanes.</u>			
4.16	<u>(b) Transit</u>		<u>18,091,000</u>	<u>18,188,000</u>
4.17		<u>Appropriations by Fund</u>		
4.18		<u>2018</u>	<u>2019</u>	
4.19	<u>General</u>	<u>17,245,000</u>	<u>17,245,000</u>	
4.20	<u>Trunk Highway</u>	<u>846,000</u>	<u>873,000</u>	
4.21	<u>Special Revenue</u>	<u>10,000,000</u>	<u>10,000,000</u>	
4.22	<u>\$10,000,000 in each year is from the special</u>			
4.23	<u>revenue fund for transit grants under</u>			
4.24	<u>Minnesota Statutes, section 16A.88.</u>			
4.25	<u>\$250,000 in each year is from the general fund</u>			
4.26	<u>to pay administrative costs for the safe routes</u>			
4.27	<u>to school program under Minnesota Statutes,</u>			
4.28	<u>section 174.40.</u>			
4.29	<u>The base appropriation from the general fund</u>			
4.30	<u>is \$17,245,000 in fiscal year 2020 and</u>			
4.31	<u>\$17,245,000 in fiscal year 2021.</u>			

5.1 The base appropriation from the trunk
 5.2 highway fund is \$873,000 in fiscal year 2020
 5.3 and \$873,000 in fiscal year 2021.

5.4 **(c) Safe Routes to School** 2,750,000 2,750,000

5.5 Appropriations by Fund

5.6 2018 2019

5.7 General 500,000 500,000

5.8 Special Revenue 2,250,000 2,250,000

5.9 \$2,250,000 in each year is from the special
 5.10 revenue fund for the safe routes to school
 5.11 program under Minnesota Statutes, section
 5.12 174.40.

5.13 **(d) Passenger Rail** 900,000 900,000

5.14 This appropriation is from the general fund
 5.15 for passenger rail system planning, alternatives
 5.16 analysis, environmental analysis, design, and
 5.17 preliminary engineering under Minnesota
 5.18 Statutes, sections 174.632 to 174.636.

5.19 **(e) Freight** 8,506,000 7,578,000

5.20 Appropriations by Fund

5.21 2018 2019

5.22 General 3,156,000 2,056,000

5.23 Trunk Highway 5,350,000 5,522,000

5.24 \$1,000,000 in the first year is from the general
 5.25 fund for the Minnesota rail service
 5.26 improvement program under Minnesota
 5.27 Statutes, sections 222.49 and 222.50.

5.28 \$1,100,000 in the first year is from the general
 5.29 fund for port development assistance program
 5.30 grants under Minnesota Statutes, chapter
 5.31 457A. Any improvements made with the
 5.32 proceeds of these grants must be publicly
 5.33 owned. This is a onetime appropriation and is
 5.34 available in the second year.

6.1 The base appropriation from the general fund
 6.2 is \$2,056,000 in fiscal year 2020 and
 6.3 \$2,056,000 in fiscal year 2021.

6.4 The base appropriation from the trunk
 6.5 highway fund is \$5,522,000 in fiscal year 2020
 6.6 and \$5,522,000 in fiscal year 2021.

6.7 Subd. 3. **State Roads**

6.8 (a) **Operations and Maintenance** 367,060,000 397,310,000

6.9 The base appropriation is \$399,543,000 in
 6.10 fiscal year 2020 and \$403,104,000 in fiscal
 6.11 year 2021.

6.12 (b) **Program Planning and Delivery** 250,267,000 275,077,000

6.13 \$130,000 in each year is available for
 6.14 administrative costs of the targeted group
 6.15 business program.

6.16 \$266,000 in each year is available for grants
 6.17 to metropolitan planning organizations outside
 6.18 the seven-county metropolitan area.

6.19 \$900,000 in each year is available for grants
 6.20 for transportation studies outside the
 6.21 metropolitan area to identify critical concerns,
 6.22 problems, and issues. These grants are
 6.23 available: (1) to regional development
 6.24 commissions; (2) in regions where no regional
 6.25 development commission is functioning, to
 6.26 joint powers boards established under
 6.27 agreement of two or more political
 6.28 subdivisions in the region to exercise the
 6.29 planning functions of a regional development
 6.30 commission; and (3) in regions where no
 6.31 regional development commission or joint
 6.32 powers board is functioning, to the Department
 6.33 of Transportation district office for that region.

7.1 \$1,000,000 in each year is available for
 7.2 management of contaminated and regulated
 7.3 material on property owned by the Department
 7.4 of Transportation, including mitigation of
 7.5 property conveyances, facility acquisition or
 7.6 expansion, chemical release at maintenance
 7.7 facilities, and spills on the trunk highway
 7.8 system where there is no known responsible
 7.9 party. If the appropriation for either year is
 7.10 insufficient, the appropriation for the other
 7.11 year is available for it.

7.12 The base appropriation for program planning
 7.13 and delivery is \$276,540,000 in fiscal year
 7.14 2020 and \$279,304,000 in fiscal year 2021.

7.15	<u>(c) State Road Construction</u>	<u>1,066,159,000</u>	<u>1,095,647,000</u>
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7.16 This appropriation is for the actual
 7.17 construction, reconstruction, and improvement
 7.18 of trunk highways, including design-build
 7.19 contracts, internal department costs associated
 7.20 with delivering the construction program,
 7.21 consultant usage to support these activities,
 7.22 and the cost of actual payments to landowners
 7.23 for lands acquired for highway rights-of-way,
 7.24 payment to lessees, interest subsidies, and
 7.25 relocation expenses.

7.26 An additional \$105,000,000 of federal
 7.27 spending authority is available in fiscal year
 7.28 2017 upon enactment of this language.

7.29 \$10,000,000 in each year is for the
 7.30 transportation economic development program
 7.31 under Minnesota Statutes, section 174.12.

7.32 The commissioner may expend up to one-half
 7.33 of one percent of the federal appropriations
 7.34 under this paragraph as grants to opportunity

8.1 industrialization centers and other nonprofit
 8.2 job training centers for job training programs
 8.3 related to highway construction.

8.4 The commissioner may transfer up to
 8.5 \$15,000,000 each year to the transportation
 8.6 revolving loan fund.

8.7 The commissioner may receive money
 8.8 covering other shares of the cost of partnership
 8.9 projects. These receipts are appropriated to
 8.10 the commissioner for these projects.

8.11 <u>(d) Working Capital Loan Fund</u>	<u>1,500,000</u>	<u>-0-</u>
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8.12 This appropriation is available in the first year
 8.13 from the general fund for loans to small
 8.14 businesses from the working capital loan fund
 8.15 under Minnesota Statutes, section 161.3212.

8.16 This is a onetime appropriation.

8.17 The base appropriation for state road
 8.18 construction is \$1,085,209,000 in fiscal year
 8.19 2020 and \$1,073,646,000 in fiscal year 2021.

8.20 <u>(e) Highway Debt Service</u>	<u>224,600,000</u>	<u>251,400,000</u>
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8.21 \$215,100,000 in fiscal year 2018 and
 8.22 \$241,900,000 in fiscal year 2019 are for
 8.23 transfer to the state bond fund. If this
 8.24 appropriation is insufficient to make all
 8.25 transfers required in the year for which it is
 8.26 made, the commissioner of management and
 8.27 budget must transfer the deficiency amount
 8.28 under the statutory open appropriation and
 8.29 notify the chairs and ranking minority
 8.30 members of the legislative committees with
 8.31 jurisdiction over transportation finance and
 8.32 the chairs of the senate Finance Committee
 8.33 and the house of representatives Ways and
 8.34 Means Committee of the amount of the

9.1 deficiency. Any excess appropriation cancels
 9.2 to the trunk highway fund.

9.3 **(f) Statewide Radio Communications** 5,648,000 5,829,000

9.4 Appropriations by Fund

9.5 2018 2019

9.6 General 3,000 3,000

9.7 Trunk Highway 5,645,000 5,826,000

9.8 \$3,000 in each year is from the general fund
 9.9 to equip and operate the Roosevelt signal
 9.10 tower for Lake of the Woods weather
 9.11 broadcasting.

9.12 The base appropriation from the trunk
 9.13 highway fund is \$5,826,000 in fiscal year 2020
 9.14 and \$5,826,000 in fiscal year 2021.

9.15 **Subd. 4. Local Roads**

9.16 **(a) County State-Aid Roads** 825,660,000 928,130,000

9.17 This appropriation is from the county state-aid
 9.18 highway fund under Minnesota Statutes,
 9.19 section 161.081, and Minnesota Statutes,
 9.20 chapter 162, and is available until spent.

9.21 If the commissioner of transportation
 9.22 determines that a balance remains in the
 9.23 county state-aid highway fund following the
 9.24 appropriations and transfers made in this
 9.25 paragraph, and that the appropriations made
 9.26 are insufficient for advancing county state-aid
 9.27 highway projects, an amount necessary to
 9.28 advance the projects, not to exceed the balance
 9.29 in the county state-aid highway fund, is
 9.30 appropriated in each year to the commissioner.
 9.31 Within two weeks of a determination under
 9.32 this contingent appropriation, the
 9.33 commissioner of transportation must notify
 9.34 the commissioner of management and budget

10.1 and the chairs and ranking minority members
 10.2 of the legislative committees with jurisdiction
 10.3 over transportation finance concerning funds
 10.4 appropriated. The commissioner must identify
 10.5 in the next budget submission to the legislature
 10.6 under Minnesota Statutes, section 16A.11, any
 10.7 amount that is appropriated under this
 10.8 paragraph.

10.9 <u>(b) Municipal State-Aid Roads</u>	<u>208,100,000</u>	<u>234,300,000</u>
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10.10 This appropriation is from the municipal
 10.11 state-aid street fund under Minnesota Statutes,
 10.12 chapter 162, and is available until spent.

10.13 If the commissioner of transportation
 10.14 determines that a balance remains in the
 10.15 municipal state-aid street fund following the
 10.16 appropriations and transfers made in this
 10.17 paragraph, and that the appropriations made
 10.18 are insufficient for advancing municipal
 10.19 state-aid street projects, an amount necessary
 10.20 to advance the projects, not to exceed the
 10.21 balance in the municipal state-aid street fund,
 10.22 is appropriated in each year to the
 10.23 commissioner. Within two weeks of a
 10.24 determination under this contingent
 10.25 appropriation, the commissioner of
 10.26 transportation must notify the commissioner
 10.27 of management and budget and the chairs and
 10.28 ranking minority members of the legislative
 10.29 committees with jurisdiction over
 10.30 transportation finance concerning funds
 10.31 appropriated. The commissioner must identify
 10.32 in the next budget submission to the legislature
 10.33 under Minnesota Statutes, section 16A.11, any
 10.34 amount that is appropriated under this
 10.35 paragraph.

11.1	<u>(c) Other Local Roads</u>	<u>44,500,000</u>	<u>44,500,000</u>
11.2	<u>\$19,000,000 in each year is from the special</u>		
11.3	<u>revenue fund for the small cities assistance</u>		
11.4	<u>program under Minnesota Statutes, section</u>		
11.5	<u>162.145.</u>		
11.6	<u>\$19,000,000 in each year is from the special</u>		
11.7	<u>revenue fund for the large cities assistance</u>		
11.8	<u>program under Minnesota Statutes, section</u>		
11.9	<u>162.146.</u>		
11.10	<u>\$2,500,000 in each year is from the special</u>		
11.11	<u>revenue fund for the tribal roads assistance</u>		
11.12	<u>program under Minnesota Statutes, section</u>		
11.13	<u>162.147.</u>		
11.14	<u>\$4,000,000 in each year is from the special</u>		
11.15	<u>revenue fund for Americans with Disabilities</u>		
11.16	<u>Act projects on local roads.</u>		
11.17	<u>Subd. 5. Agency Management</u>		
11.18	<u>(a) Agency Services</u>	<u>55,545,000</u>	<u>55,929,000</u>
11.19	<u>The base appropriation is \$53,029,000 in fiscal</u>		
11.20	<u>year 2020 and \$53,029,000 in fiscal year 2021.</u>		
11.21	<u>(b) Tribal Training</u>	<u>192,000</u>	<u>218,000</u>
11.22	<u>This appropriation is from the general fund to</u>		
11.23	<u>be used to facilitate tribal training for state</u>		
11.24	<u>agencies. The base appropriation from the</u>		
11.25	<u>general fund is \$200,000 in fiscal year 2020</u>		
11.26	<u>and \$200,000 in fiscal year 2021.</u>		
11.27	<u>(c) Buildings</u>	<u>37,085,000</u>	<u>37,939,000</u>
11.28	<u>Appropriations by Fund</u>		
11.29		<u>2018</u>	<u>2019</u>
11.30	<u>General</u>	<u>54,000</u>	<u>54,000</u>
11.31	<u>Trunk Highway</u>	<u>37,031,000</u>	<u>37,885,000</u>
11.32	<u>Any money appropriated to the commissioner</u>		
11.33	<u>of transportation for building construction for</u>		

12.1 any fiscal year before the first year is available
 12.2 to the commissioner during the biennium to
 12.3 the extent that the commissioner spends the
 12.4 money on the building construction projects
 12.5 for which the money was originally
 12.6 encumbered during the fiscal year for which
 12.7 it was appropriated. If the appropriation for
 12.8 either year is insufficient, the appropriation
 12.9 for the other year is available for it.

12.10 The base appropriation from the trunk
 12.11 highway fund is \$37,885,000 in fiscal year
 12.12 2020 and \$37,885,000 in fiscal year 2021.

12.13 **(d) Tort Claims** 600,000 600,000

12.14 If the appropriation for either year is
 12.15 insufficient, the appropriation for the other
 12.16 year is available for it.

12.17 **Subd. 6. Transfers**

12.18 With the approval of the commissioner of
 12.19 management and budget, the commissioner
 12.20 of transportation may transfer unencumbered
 12.21 balances among the appropriations from the
 12.22 trunk highway fund and the state airports fund
 12.23 made in this section. No transfer may be made
 12.24 from the appropriations for state road
 12.25 construction or debt service. Transfers under
 12.26 this rider must not be made between funds.
 12.27 Transfers under this rider must be reported
 12.28 immediately to the chairs and ranking minority
 12.29 members of the legislative committees with
 12.30 jurisdiction over transportation finance.

12.31 The commissioner of transportation must
 12.32 transfer from the flexible highway account in
 12.33 the county state-aid highway fund the entire
 12.34 amount in each year to the county turnback

- 13.1 account in the county state-aid highway fund.
- 13.2 The funds transferred are for highway
- 13.3 turnback purposes under Minnesota Statutes,
- 13.4 section 161.081, subdivision 3.
- 13.5 **Subd. 7. Previous State Road Construction**
- 13.6 **Appropriations**
- 13.7 Any money appropriated to the commissioner
- 13.8 of transportation for state road construction
- 13.9 for any fiscal year before the first year is
- 13.10 available to the commissioner during the
- 13.11 biennium to the extent that the commissioner
- 13.12 spends the money on the state road
- 13.13 construction project for which the money was
- 13.14 originally encumbered during the fiscal year
- 13.15 for which it was appropriated.
- 13.16 **Subd. 8. Contingent Appropriations**
- 13.17 The commissioner of transportation, with the
- 13.18 approval of the governor and the written
- 13.19 approval of at least five members of a group
- 13.20 consisting of the members of the Legislative
- 13.21 Advisory Commission under Minnesota
- 13.22 Statutes, section 3.30, and the ranking minority
- 13.23 members of the legislative committees with
- 13.24 jurisdiction over transportation finance, may
- 13.25 transfer all or part of the unappropriated
- 13.26 balance in the trunk highway fund to an
- 13.27 appropriation: (1) for trunk highway design,
- 13.28 construction, or inspection that takes
- 13.29 advantage of an unanticipated receipt of
- 13.30 income to the trunk highway fund or federal
- 13.31 advanced construction funding; (2) for
- 13.32 emergency trunk highway maintenance; or (3)
- 13.33 to pay tort or environmental claims. Nothing
- 13.34 in this subdivision authorizes the
- 13.35 commissioner to increase the use of federal

14.1 advanced construction funding beyond
 14.2 amounts specifically authorized. Any transfer
 14.3 as a result of the use of federal advanced
 14.4 construction funding must include an analysis
 14.5 of the effects on the long-term trunk highway
 14.6 fund balance. The amount transferred is
 14.7 appropriated for the purpose of the account to
 14.8 which it is transferred.

14.9	Sec. 4. <u>METROPOLITAN COUNCIL TRANSIT</u> \$	<u>67,400,000</u> \$	<u>75,400,000</u>
14.10	<u>Transit</u>	<u>67,400,000</u>	<u>75,400,000</u>

14.11 This appropriation is from the general fund
 14.12 for transit system operations. The base
 14.13 appropriation is \$83,400,000 in fiscal year
 14.14 2020 and \$92,400,000 in fiscal year 2021.

14.15 Sec. 5. **PUBLIC SAFETY**

14.16	Subdivision 1. <u>Total Appropriation</u>	\$	<u>200,822,000</u> \$	<u>201,421,000</u>
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14.17 Appropriations by Fund

14.18		<u>2018</u>	<u>2019</u>
14.19	<u>General</u>	<u>14,741,000</u>	<u>14,026,000</u>
14.20	<u>Trunk Highway</u>	<u>111,344,000</u>	<u>111,333,000</u>
14.21	<u>Highway User</u>	<u>10,485,000</u>	<u>10,506,000</u>
14.22	<u>Special Revenue</u>	<u>64,252,000</u>	<u>65,556,000</u>

14.23 The amounts that may be spent for each
 14.24 purpose are specified in the following
 14.25 subdivisions.

14.26	Subd. 2. <u>Administration and Related Services</u>	<u>13,513,000</u>	<u>13,812,000</u>
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14.27 Appropriations by Fund

14.28		<u>2018</u>	<u>2019</u>
14.29	<u>General</u>	<u>5,329,000</u>	<u>5,361,000</u>
14.30	<u>Trunk Highway</u>	<u>6,799,000</u>	<u>7,066,000</u>
14.31	<u>Highway User</u>	<u>1,385,000</u>	<u>1,385,000</u>

14.32 \$640,000 in each year is from the general fund
 14.33 for payment of public safety officer survivor

15.1 benefits under Minnesota Statutes, section
 15.2 299A.44. If the appropriation for either year
 15.3 is insufficient, the appropriation for the other
 15.4 year is available for it.

15.5 \$1,367,000 in each year is from the general
 15.6 fund to be deposited in the public safety
 15.7 officer's benefit account. This money is
 15.8 available for reimbursements under Minnesota
 15.9 Statutes, section 299A.465.

15.10 \$600,000 in each year is from the general fund
 15.11 and \$100,000 in each year is from the trunk
 15.12 highway fund for soft body armor
 15.13 reimbursements under Minnesota Statutes,
 15.14 section 299A.38.

15.15 Subd. 3. State Patrol 113,873,000 112,844,000

15.16 Appropriations by Fund

	<u>2018</u>	<u>2019</u>
15.17 <u>General</u>	<u>9,412,000</u>	<u>8,665,000</u>
15.18 <u>Trunk Highway</u>	<u>103,597,000</u>	<u>103,294,000</u>
15.19 <u>Highway User</u>	<u>864,000</u>	<u>885,000</u>

15.20 (a) Patrolling Highways 96,096,000 94,426,000

15.21 Appropriations by Fund

	<u>2018</u>	<u>2019</u>
15.22 <u>General</u>	<u>957,000</u>	<u>37,000</u>
15.23 <u>Trunk Highway</u>	<u>95,047,000</u>	<u>94,297,000</u>
15.24 <u>Highway User</u>	<u>92,000</u>	<u>92,000</u>

15.25 \$920,000 is appropriated from the general
 15.26 fund and \$4,830,000 is appropriated from the
 15.27 trunk highway fund in fiscal year 2018 to
 15.28 purchase a helicopter for the State Patrol.

15.29 These are onetime appropriations.

15.30 (b) Commercial Vehicle Enforcement 8,550,000 8,997,000

15.31 (c) Capitol Security 8,455,000 8,628,000

15.32 This appropriation is from the general fund.

16.1 The commissioner must not (1) spend any
 16.2 money from the trunk highway fund for
 16.3 capitol security or (2) permanently transfer
 16.4 any state trooper from the patrolling highways
 16.5 activity to capitol security.

16.6 **(d) Vehicle Crimes Unit** 772,000 793,000

16.7 This appropriation is from the highway user
 16.8 tax distribution fund to investigate:

16.9 (1) registration tax and motor vehicle sales tax
 16.10 liabilities from individuals and businesses that
 16.11 currently do not pay all taxes owed; and

16.12 (2) illegal or improper activity related to the
 16.13 sale, transfer, titling, and registration of motor
 16.14 vehicles.

16.15 **Subd. 4. Driver and Vehicle Services** 71,060,000 72,345,000

16.16 Appropriations by Fund

	<u>2018</u>	<u>2019</u>
16.17 <u>Highway User</u>	<u>8,236,000</u>	<u>8,236,000</u>
16.18 <u>Special Revenue</u>	<u>62,824,000</u>	<u>64,109,000</u>

16.20 \$22,621,000 in fiscal year 2018 and
 16.21 \$23,094,000 in fiscal year 2019 are
 16.22 appropriated from the vehicle services
 16.23 operating account in the special revenue fund
 16.24 under Minnesota Statutes, section 299A.705,
 16.25 subdivision 1.

16.26 \$32,203,000 in fiscal year 2018 and
 16.27 \$33,015,000 in fiscal year 2019 are
 16.28 appropriated from the driver services operating
 16.29 account in the special revenue fund under
 16.30 Minnesota Statutes, section 299A.705,
 16.31 subdivision 2.

16.32 \$156,000 in each year is appropriated from
 16.33 the driver services operating account in the
 16.34 special revenue fund under Minnesota

- 17.1 Statutes, section 299A.705, subdivision 2, to
 17.2 maintain the automated knowledge test
 17.3 system.
- | | | | |
|------|---------------------------------------|----------------|----------------|
| 17.4 | <u>Subd. 5. Traffic Safety</u> | <u>948,000</u> | <u>973,000</u> |
|------|---------------------------------------|----------------|----------------|
- 17.5 \$470,000 in each year is appropriated from
 17.6 the trunk highway fund for maintenance of
 17.7 the crash record system.
- | | | | |
|------|--|------------------|------------------|
| 17.8 | <u>Subd. 6. Pipeline Safety</u> | <u>1,428,000</u> | <u>1,447,000</u> |
|------|--|------------------|------------------|
- 17.9 This appropriation is from the pipeline safety
 17.10 account in the special revenue fund.
- | | | | |
|-------|---|--------------------------|--------------------------|
| 17.11 | <u>Sec. 6. DEPARTMENT OF REVENUE</u> | <u>\$ 234,000</u> | <u>\$ 222,000</u> |
| 17.12 | <u>Administration</u> | <u>234,000</u> | <u>222,000</u> |
- 17.13 This appropriation is from the highway user
 17.14 tax distribution fund to administer the motor
 17.15 fuels gross receipts tax under Minnesota
 17.16 Statutes, section 296A.085. The base
 17.17 appropriation is \$222,000 in fiscal year 2020
 17.18 and \$222,000 in fiscal year 2021.
- 17.19 **Sec. 7. APPROPRIATION CANCELLATION.**
- 17.20 \$1,100,000 of the appropriation for port development assistance under Laws 2015,
 17.21 chapter 75, article 1, section 3, subdivision 2, paragraph (e), is canceled to the general fund
 17.22 on June 30, 2017.
- 17.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 17.24 **ARTICLE 2**
- 17.25 **TRANSPORTATION BONDS**
- 17.26 **Section 1. BOND APPROPRIATIONS.**
- 17.27 The sums shown in the column under "Appropriations" are appropriated from the bond
 17.28 proceeds account in the trunk highway fund to the state agencies or officials indicated, to
 17.29 be spent for public purposes. Appropriations of bond proceeds must be spent as authorized
 17.30 by the Minnesota Constitution, articles XI and XIV. Unless otherwise specified, money
 17.31 appropriated in this article for a capital program or project may be used to pay state agency

18.1 staff costs that are attributed directly to the capital program or project in accordance with
 18.2 accounting policies adopted by the commissioner of management and budget.

18.3 **SUMMARY**

18.4	<u>Department of Transportation</u>	\$ <u>2,000,000,000</u>
18.5	<u>Department of Management and Budget</u>	<u>2,000,000</u>
18.6	<u>TOTAL</u>	\$ <u>2,002,000,000</u>

18.7 **APPROPRIATIONS**

18.8	<u>Sec. 2. DEPARTMENT OF</u>	
18.9	<u>TRANSPORTATION</u>	\$ <u>2,000,000,000</u>

18.10 (a) Of the appropriation in this section,
 18.11 \$200,000,000 each year for eight years is to
 18.12 the commissioner of transportation for the
 18.13 corridors of commerce program under
 18.14 Minnesota Statutes, section 161.088, and
 18.15 \$100,000,000 each year for four years is to
 18.16 the commissioner of transportation for the
 18.17 construction, reconstruction, and improvement
 18.18 of trunk highways, including design-build
 18.19 contracts and use of consultants to support
 18.20 these activities. In total, the appropriations
 18.21 under this section are available in the
 18.22 following amounts:

- 18.23 \$300,000,000 in fiscal year 2018;
- 18.24 \$300,000,000 in fiscal year 2019;
- 18.25 \$300,000,000 in fiscal year 2020;
- 18.26 \$300,000,000 in fiscal year 2021;
- 18.27 \$200,000,000 in fiscal year 2022;
- 18.28 \$200,000,000 in fiscal year 2023;
- 18.29 \$200,000,000 in fiscal year 2024; and
- 18.30 \$200,000,000 in fiscal year 2025.

18.31 The commissioner may use up to 17 percent
 18.32 of the amount each year for program delivery.

19.1 (b) In any fiscal year covered by this
 19.2 appropriation, the commissioner may identify
 19.3 projects based on previous selection processes
 19.4 or may perform a new selection.

19.5 (c) The appropriation in this section cancels
 19.6 as specified under Minnesota Statutes, section
 19.7 16A.642, except that the commissioner of
 19.8 management and budget shall count the start
 19.9 of authorization for issuance of state bonds as
 19.10 the first day of the fiscal year during which
 19.11 the bonds are available to be issued as
 19.12 specified under paragraph (a), and not as the
 19.13 date of enactment of this section.

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

19.15 This appropriation is to the commissioner of
 19.16 management and budget for bond sale
 19.17 expenses under Minnesota Statutes, sections
 19.18 16A.641, subdivision 8, and 167.50,
 19.19 subdivision 4, and is effective through 2026.

19.20 **Sec. 4. BOND SALE AUTHORIZATION.**

19.21 To provide the money appropriated in this
 19.22 article from the bond proceeds account in the
 19.23 trunk highway fund, the commissioner of
 19.24 management and budget shall sell and issue
 19.25 bonds of the state in amount up to
 19.26 \$2,002,000,000 in the manner, upon the terms,
 19.27 and with the effect prescribed by Minnesota
 19.28 Statutes, sections 167.50 to 167.52, and by the
 19.29 Minnesota Constitution, article XIV, section
 19.30 11, at the times and in the amounts requested
 19.31 by the commissioner of transportation. The
 19.32 proceeds of the bonds, except accrued interest
 19.33 and any premium received from the sale of

20.1 the bonds, must be deposited in the bond
20.2 proceeds account in the trunk highway fund.

20.3 Sec. 5. **EFFECTIVE DATE.**

20.4 This article is effective July 1, 2017.

20.5 **ARTICLE 3**

20.6 **MOTOR FUELS GROSS RECEIPTS TAX**

20.7 Section 1. **[296A.085] MOTOR FUELS GROSS RECEIPTS TAX.**

20.8 Subdivision 1. **Imposition.** In addition to other taxes imposed on the use of motor fuels
20.9 under this chapter, a motor fuels gross receipts tax is imposed on the first licensed distributor
20.10 receiving motor fuel for use in motor vehicles. The motor fuels gross receipts tax is imposed
20.11 at the rate of 6-1/2 percent of the average wholesale price of gasoline for Minnesota as
20.12 calculated in subdivisions 3 and 4. The motor fuels gross receipts tax is imposed on all
20.13 motor fuel, in either a liquid or gaseous form.

20.14 Subd. 2. **Exemptions.** Subdivision 1 does not apply to gasoline, denatured ethanol,
20.15 special fuel, or alternative fuel purchased by an entity described in section 296A.07,
20.16 subdivision 4, or 296A.08, subdivision 3.

20.17 Subd. 3. **Calculation of tax amount per gallon.** (a) The tax imposed under this section
20.18 must be calculated by converting the motor fuels gross receipts tax amount into a tax rate
20.19 per gallon. The commissioner of revenue must determine and publish the motor fuels gross
20.20 receipts tax amount per gallon annually. The amount is determined by multiplying the
20.21 previous calendar year's average wholesale gasoline price for Minnesota, for all grades of
20.22 a gallon of gasoline, by 6-1/2 percent. The wholesale price used must not include any tax
20.23 or fee that can be assessed by the state of Minnesota or the United States government. The
20.24 wholesale price published by the United States Energy Information Administration must
20.25 be used to determine the motor fuels gross receipts tax amount per gallon. The minimum
20.26 average wholesale price used for this calculation is \$2.50 per gallon. By May 1 of each year,
20.27 the commissioner must publish the upcoming fiscal year's motor fuels gross receipts tax
20.28 amounts per gallon and the current gasoline excise tax amounts per gallon. The motor fuels
20.29 gross receipts tax amount per gallon is effective for fuel received during the next fiscal year.
20.30 All amounts will be stated in cents per gallon rounded to the nearest one-tenth of a cent,
20.31 disregarding amounts less than 0.05 cents and increasing amounts of 0.05 cents to 0.099
20.32 cents to the next highest one-tenth of a cent.

21.1 (b) For the period of October 1, 2017, through June 30, 2018, the motor fuels gross
 21.2 receipts tax amount per gallon of gasoline is 6-1/2 percent of the greater of \$2.50 or the
 21.3 average wholesale gasoline price for all grades of a gallon of gasoline in Minnesota for
 21.4 calendar year 2016, as published by the United States Energy Information Administration.
 21.5 The commissioner must publish the rates on or before August 1, 2017.

21.6 Subd. 4. Calculation of tax amount per gallon for other motor fuels. (a) The motor
 21.7 fuels gross receipts tax on other motor fuels must be computed at the following tax rate:

21.8 (1) the tax rate per gallon of E85 is 71 percent of the motor fuels gross receipts tax
 21.9 amount per gallon for gasoline, rounded to the nearest tenth of a cent per gallon;

21.10 (2) the tax rate per gallon of M85 is 57 percent of the motor fuels gross receipts tax
 21.11 amount per gallon for gasoline, rounded to the nearest tenth of a cent per gallon;

21.12 (3) the tax rate per gallon of liquefied petroleum gas (LPG) is 75 percent of the motor
 21.13 fuels gross receipts tax amount per gallon for gasoline, rounded to the nearest tenth of a
 21.14 cent per gallon;

21.15 (4) the tax rate per gallon of liquid natural gas (LNG) is 60 percent of the motor fuels
 21.16 gross receipts tax amount per gallon for gasoline, rounded to the nearest tenth of a cent per
 21.17 gallon; and

21.18 (5) the tax rate per thousand cubic feet of compressed natural gas (CNG) is the same as
 21.19 the motor fuels gross receipts tax amount per gallon of gasoline.

21.20 (b) The tax rate per gallon of all other special fuel used as a motor fuel is the same as
 21.21 the motor fuels gross receipts tax amount per gallon of gasoline.

21.22 Subd. 5. Administrative provisions. The motor fuels gross receipts tax must be paid
 21.23 and filed on a return, as prescribed by the commissioner, in the same manner and time as
 21.24 prescribed for gasoline tax as set forth in section 296A.15.

21.25 Subd. 6. Deposit of revenues. The commissioner must deposit the revenues from the
 21.26 motor fuels gross receipts tax into the highway user tax distribution fund.

21.27 EFFECTIVE DATE. This section is effective the day following final enactment and
 21.28 applies to motor fuels received after September 30, 2017.

21.29 Sec. 2. Minnesota Statutes 2016, section 296A.11, is amended to read:

21.30 **296A.11 SELLER MAY COLLECT TAX.**

22.1 A person who directly or indirectly pays a gasoline or special fuel tax or motor fuels
 22.2 gross receipts tax as provided in this chapter and who does not in fact use the gasoline or
 22.3 special fuel in motor vehicles in this state or receive, store, or withdraw it from storage to
 22.4 be used personally for the purpose of producing or generating power for propelling aircraft,
 22.5 but sells or otherwise disposes of the same, except as provided in section 296A.16,
 22.6 subdivision 3, is hereby authorized to collect, from the person to whom the gasoline or
 22.7 special fuel is so sold or disposed of, the tax so paid, and is hereby required, upon request,
 22.8 to make, sign, and deliver to such person an invoice of such sale or disposition. The sums
 22.9 collected must be held as a special fund in trust for the state of Minnesota.

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

22.11 Sec. 3. Minnesota Statutes 2016, section 296A.12, is amended to read:

22.12 **296A.12 GASOLINE AND SPECIAL FUEL TAX AND MOTOR FUELS GROSS**
 22.13 **RECEIPTS TAX IN LIEU OF OTHER TAXES.**

22.14 Gasoline and special fuel excise taxes ~~shall be~~ and the motor fuels gross receipts tax are
 22.15 in lieu of all other taxes imposed upon the business of selling or dealing in gasoline or
 22.16 special fuel, whether imposed by the state or by any of its political subdivisions, but are in
 22.17 addition to all ad valorem taxes now imposed by law. Nothing in this chapter is construed
 22.18 as prohibiting the governing body of any city of this state from licensing and regulating
 22.19 ~~such a~~ business where its authority is conferred by state law or city charter.

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

22.21 Sec. 4. Minnesota Statutes 2016, section 296A.16, subdivision 1, is amended to read:

22.22 Subdivision 1. **Credit or refund of gasoline or special fuel tax paid.** The commissioner
 22.23 shall allow the distributor credit or refund of the excise and motor fuels gross receipts tax
 22.24 paid on gasoline and special fuel:

22.25 (1) exported or sold for export from the state, other than in the supply tank of a motor
 22.26 vehicle or of an aircraft;

22.27 (2) sold to the United States government to be used exclusively in performing its
 22.28 governmental functions and activities or to any "cost plus a fixed fee" contractor employed
 22.29 by the United States government on any national defense project;

22.30 (3) if the fuel is placed in a tank used exclusively for residential heating;

22.31 (4) destroyed by accident while in the possession of the distributor;

23.1 (5) in error;

23.2 (6) in the case of gasoline only, sold for storage in an on-farm bulk storage tank, if the
23.3 tax was not collected on the sale; and

23.4 (7) in such other cases as the commissioner may permit, consistent with the provisions
23.5 of this chapter and other laws relating to the gasoline and special fuel excise taxes.

23.6 **EFFECTIVE DATE.** This section is effective October 1, 2017.

23.7 Sec. 5. Minnesota Statutes 2016, section 296A.16, subdivision 2, is amended to read:

23.8 Subd. 2. **Fuel used in other vehicle; claim for refund.** Any person who buys and uses
23.9 gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles except as
23.10 provided in clause (2), or motorboats, or special fuel for a qualifying purpose other than
23.11 use in licensed motor vehicles, and who paid the excise and motor fuels gross receipts tax
23.12 directly or indirectly through the amount of the tax being included in the price of the gasoline
23.13 or special fuel, or otherwise, shall be reimbursed and repaid the amount of the tax paid upon
23.14 filing with the commissioner a claim for refund in the form and manner prescribed by the
23.15 commissioner, and containing the information the commissioner shall require. By signing
23.16 any such claim which is false or fraudulent, the applicant shall be subject to the penalties
23.17 provided in this chapter for knowingly making a false claim. The claim shall set forth the
23.18 total amount of the gasoline so purchased and used by the applicant other than in motor
23.19 vehicles, or special fuel purchased and used by the applicant other than in licensed motor
23.20 vehicles, and shall state when and for what purpose it was used. When a claim contains an
23.21 error in computation or preparation, the commissioner is authorized to adjust the claim in
23.22 accordance with the evidence shown on the claim or other information available to the
23.23 commissioner. The commissioner, on being satisfied that the claimant is entitled to the
23.24 payments, shall approve the claim and transmit it to the commissioner of management and
23.25 budget. The words "gasoline" or "special fuel" as used in this subdivision do not include
23.26 aviation gasoline or special fuel for aircraft. Gasoline or special fuel bought and used for a
23.27 "qualifying purpose" means:

23.28 (1) Gasoline or special fuel used in carrying on a trade or business, used on a farm
23.29 situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose" have
23.30 the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue Code
23.31 as defined in section 289A.02, subdivision 7.

23.32 (2) Gasoline or special fuel used for off-highway business use.

24.1 (i) "Off-highway business use" means any use off the public highway by a person in
24.2 that person's trade, business, or activity for the production of income.

24.3 (ii) Off-highway business use includes use of a passenger snowmobile off the public
24.4 highways as part of the operations of a resort as defined in section 157.15, subdivision 11;
24.5 and use of gasoline or special fuel to operate a power takeoff unit on a vehicle, but not
24.6 including fuel consumed during idling time.

24.7 (iii) Off-highway business use does not include use as a fuel in a motor vehicle which,
24.8 at the time of use, is registered or is required to be registered for highway use under the
24.9 laws of any state or foreign country; or use of a licensed motor vehicle fuel tank in lieu of
24.10 a separate storage tank for storing fuel to be used for a qualifying purpose, as defined in
24.11 this section. Fuel purchased to be used for a qualifying purpose cannot be placed in the fuel
24.12 tank of a licensed motor vehicle and must be stored in a separate supply tank.

24.13 (3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles, manufactured
24.14 in Minnesota, and shipped by interstate carrier to destinations in other states or foreign
24.15 countries.

24.16 **EFFECTIVE DATE.** This section is effective October 1, 2017.

24.17 Sec. 6. Minnesota Statutes 2016, section 296A.16, subdivision 3, is amended to read:

24.18 Subd. 3. **Destruction by accident; refund to dealer.** Notwithstanding the provisions
24.19 of subdivision 1, the commissioner shall allow a dealer a refund of:

24.20 (1) the excise and motor fuels gross receipts tax paid by the distributor on gasoline,
24.21 undyed diesel fuel, or undyed kerosene destroyed by accident while in the possession of
24.22 the dealer; or

24.23 (2) the excise and motor fuels gross receipts tax paid by a distributor or special fuels
24.24 dealer on other special fuels destroyed by accident while in the possession of the dealer.

24.25 **EFFECTIVE DATE.** This section is effective October 1, 2017.

24.26 Sec. 7. Minnesota Statutes 2016, section 296A.16, subdivision 4, is amended to read:

24.27 Subd. 4. **Refrigerator units; refunds.** Notwithstanding the provisions of subdivision
24.28 1, the commissioner shall allow a special fuel dealer a refund of the excise and motor fuels
24.29 gross receipts tax paid on fuel sold directly into a supply tank of a refrigeration unit with a
24.30 separate engine and used exclusively by that refrigeration unit. A claim for refund may be
24.31 filed as provided in this section.

25.1 **EFFECTIVE DATE.** This section is effective October 1, 2017.

25.2 Sec. 8. Minnesota Statutes 2016, section 296A.16, subdivision 4a, is amended to read:

25.3 Subd. 4a. **Undyed kerosene; refunds.** Notwithstanding subdivision 1, the commissioner
25.4 shall allow a refund of the excise and motor fuels gross receipts tax paid on undyed kerosene
25.5 used exclusively for a purpose other than as fuel for a motor vehicle using the streets and
25.6 highways. To obtain a refund, the person making the sale to an end user must meet the
25.7 Internal Revenue Service requirements for sales from a blocked pump. A claim for a refund
25.8 may be filed as provided in this section.

25.9 **EFFECTIVE DATE.** This section is effective October 1, 2017.

25.10 Sec. 9. Minnesota Statutes 2016, section 296A.16, subdivision 4b, is amended to read:

25.11 Subd. 4b. **Racing gasoline; refunds.** Notwithstanding subdivision 1, the commissioner
25.12 shall allow a licensed distributor a refund of the excise and motor fuels gross receipts tax
25.13 paid on leaded gasoline of 110 octane or more that does not meet ASTM specification
25.14 D4814 for gasoline and that is sold in bulk for use in nonregistered motor vehicles. A claim
25.15 for a refund may be filed as provided for in this section.

25.16 **EFFECTIVE DATE.** This section is effective October 1, 2017.

25.17 Sec. 10. Minnesota Statutes 2016, section 296A.16, subdivision 5, is amended to read:

25.18 Subd. 5. **Qualifying service station credit.** Notwithstanding any other provision of law
25.19 to the contrary, the combined excise and motor fuels gross receipts tax imposed on gasoline,
25.20 undyed diesel fuel, or undyed kerosene delivered to a qualified service station may not
25.21 exceed, or must be reduced to, a rate not more than three cents per gallon above the state
25.22 tax rate imposed on such products sold by a service station in a contiguous state located
25.23 within the distance indicated in this subdivision. A distributor shall be allowed a credit or
25.24 refund for the amount of reduction computed in accordance with this subdivision. For
25.25 purposes of this subdivision, a "qualifying service station" means a service station located
25.26 within 7.5 miles, measured by the shortest route by public road, from a service station selling
25.27 like product in the contiguous state.

25.28 **EFFECTIVE DATE.** This section is effective October 1, 2017.

26.1 Sec. 11. Minnesota Statutes 2016, section 296A.18, subdivision 2, is amended to read:

26.2 Subd. 2. **Motorboat.** Approximately 1-1/2 percent of all gasoline received in this state
26.3 and 1-1/2 percent of all gasoline produced or brought into this state, except gasoline used
26.4 for aviation purposes, is being used as fuel for the operation of motorboats on the waters
26.5 of this state and of the total revenue derived from the imposition of the gasoline fuel tax
26.6 and motor fuels gross receipts tax on gasoline for uses other than for aviation purposes,
26.7 1-1/2 percent of the revenue is the amount of tax on fuel used in motorboats operated on
26.8 the waters of this state. The amount of unrefunded tax paid on gasoline used for motor boat
26.9 purposes as computed in this chapter shall be paid into the state treasury and credited to a
26.10 water recreation account in the special revenue fund for acquisition, development,
26.11 maintenance, and rehabilitation of sites for public access and boating facilities on public
26.12 waters; lake and river improvement; and boat and water safety.

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

26.14 Sec. 12. Minnesota Statutes 2016, section 296A.18, subdivision 3, is amended to read:

26.15 Subd. 3. **Snowmobile.** Approximately one percent of all gasoline received in and
26.16 produced or brought into this state, except gasoline used for aviation purposes, is being used
26.17 as fuel for the operation of snowmobiles in this state, and of the total revenue derived from
26.18 the imposition of the gasoline fuel tax and motor fuels gross receipts tax on gasoline for
26.19 uses other than for aviation purposes, one percent of such revenues is the amount of tax on
26.20 fuel used in snowmobiles operated in this state.

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

26.22 Sec. 13. Minnesota Statutes 2016, section 296A.18, subdivision 4, is amended to read:

26.23 Subd. 4. **All-terrain vehicle.** Approximately 0.27 of one percent of all gasoline received
26.24 in or produced or brought into this state, except gasoline used for aviation purposes, is being
26.25 used for the operation of all-terrain vehicles in this state, and of the total revenue derived
26.26 from the imposition of the gasoline fuel tax and motor fuels gross receipts tax on gasoline,
26.27 0.27 of one percent is the amount of tax on fuel used in all-terrain vehicles operated in this
26.28 state.

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

27.1 Sec. 14. Minnesota Statutes 2016, section 296A.18, subdivision 5, is amended to read:

27.2 Subd. 5. **Off-highway motorcycles.** Approximately 0.046 of one percent of all gasoline
27.3 received or produced in or brought into this state, except gasoline used for aviation purposes,
27.4 is being used for the operation of off-highway motorcycles in this state, and of the total
27.5 revenue derived from the imposition of the gasoline fuel tax and motor fuels gross receipts
27.6 tax on gasoline for uses other than for aviation purposes, 0.046 of one percent is the amount
27.7 of tax on fuel used in off-highway motorcycles operated in this state.

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

27.9 Sec. 15. Minnesota Statutes 2016, section 296A.18, subdivision 6, is amended to read:

27.10 Subd. 6. **Off-road vehicle.** Approximately 0.164 of one percent of all gasoline received
27.11 or produced in or brought into this state, except gasoline used for aviation purposes, is being
27.12 used for the off-road operation of off-road vehicles, as defined in section 84.797, in this
27.13 state, and of the total revenue derived from the imposition of the gasoline fuel tax and motor
27.14 fuels gross receipts tax on gasoline for uses other than aviation purposes, 0.164 of one
27.15 percent is the amount of tax on fuel used for off-road operation of off-road vehicles in this
27.16 state.

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

27.18 Sec. 16. Minnesota Statutes 2016, section 296A.18, subdivision 7, is amended to read:

27.19 Subd. 7. **Forest road.** Approximately 0.116 percent of the total annual unrefunded
27.20 revenue from the gasoline fuel tax and motor fuels gross receipts tax on all gasoline and
27.21 special fuel received in, produced, or brought into this state, except gasoline and special
27.22 fuel used for aviation purposes, is derived from the operation of motor vehicles on state
27.23 forest roads and county forest access roads. This revenue, together with interest and penalties
27.24 for delinquency in payment, paid or collected pursuant to the provisions of this chapter, is
27.25 appropriated from the highway user tax distribution fund and must be transferred and credited
27.26 in equal installments on July 1 and January 1 to the state forest road account established in
27.27 section 89.70. Of this amount, 0.0605 percent is annually derived from motor vehicles
27.28 operated on state forest roads and 0.0555 percent is annually derived from motor vehicles
27.29 operated on county forest access roads in this state. An amount equal to 0.0555 percent of
27.30 the unrefunded revenue must be annually transferred to counties for the management and
27.31 maintenance of county forest roads.

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

28.1 **ARTICLE 4**28.2 **METROPOLITAN AREA TRANSIT SALES AND USE TAX**

28.3 Section 1. Minnesota Statutes 2016, section 297A.99, subdivision 1, is amended to read:

28.4 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose
28.5 a general sales tax (1) under section 297A.992, (2) under section 297A.9925, (3) under
28.6 section 297A.993, ~~(3)~~ (4) if permitted by special law, or ~~(4)~~ (5) if the political subdivision
28.7 enacted and imposed the tax before January 1, 1982, and its predecessor provision.

28.8 (b) This section governs the imposition of a general sales tax by the political subdivision.
28.9 The provisions of this section preempt the provisions of any special law:

28.10 (1) enacted before June 2, 1997, or

28.11 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law
28.12 provision from this section's rules by reference.

28.13 (c) This section does not apply to or preempt a sales tax on motor vehicles or a special
28.14 excise tax on motor vehicles.

28.15 (d) A political subdivision may not advertise or expend funds for the promotion of a
28.16 referendum to support imposing a local option sales tax.

28.17 (e) Notwithstanding paragraph (d), a political subdivision may expend funds to:

28.18 (1) conduct the referendum;

28.19 (2) disseminate information included in the resolution adopted under subdivision 2;

28.20 (3) provide notice of, and conduct public forums at which proponents and opponents on
28.21 the merits of the referendum are given equal time to express their opinions on the merits of
28.22 the referendum;

28.23 (4) provide facts and data on the impact of the proposed sales tax on consumer purchases;
28.24 and

28.25 (5) provide facts and data related to the programs and projects to be funded with the
28.26 sales tax.

28.27 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
28.28 September 30, 2017.

29.1 Sec. 2. **[297A.9925] METROPOLITAN AREA TRANSIT SALES AND USE TAX;**
29.2 **RATE; IMPOSITION; USES; PRIORITIES.**

29.3 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in this
29.4 subdivision have the meanings given.

29.5 (b) "Local governmental unit" means any county, city, town, school district, special
29.6 district, or other political subdivision or public corporation, other than the council or a
29.7 metropolitan agency, located in whole or in part within the metropolitan area.

29.8 (c) "Metropolitan area" or "area" has the meaning given in section 473.121, subdivision
29.9 2.

29.10 (d) "Metropolitan Council" or "council" means the Metropolitan Council established by
29.11 section 473.123.

29.12 Subd. 2. **Metropolitan area transit sales tax imposition; rate.** Notwithstanding sections
29.13 297A.99, subdivisions 1, 2, and 3, and 477A.016, or any other law, a metropolitan area
29.14 transit sales and use tax is imposed at a rate of one-half of one percent on retail sales and
29.15 uses taxable under this chapter occurring within the metropolitan area.

29.16 Subd. 3. **Administration; collection; enforcement.** Except as otherwise provided in
29.17 this section, the provisions of section 297A.99, subdivisions 4 and 6 to 12a, govern the
29.18 administration, collection, and enforcement of the tax authorized under this section.

29.19 Subd. 4. **Uses; consistency with transportation policy plan.** (a) The Metropolitan
29.20 Council must use the proceeds of the metropolitan area transit sales and use tax imposed
29.21 under subdivision 2 for transit purposes within the metropolitan area. This may include but
29.22 is not limited to transit operations, capital improvements, design, engineering and
29.23 environmental work, acquisition of real property, planning and feasibility studies, and grants
29.24 to local governmental units for transit purposes or bicycle and pedestrian projects specified
29.25 under subdivision 5.

29.26 (b) Projects funded with the metropolitan area transit sales and use tax proceeds must
29.27 be consistent with the long-range transportation policy plan adopted by the council under
29.28 section 473.146.

29.29 Subd. 5. **Priorities.** (a) The council must allocate revenues from the taxes imposed under
29.30 this section in a manner consistent with the transit system development and financial plan
29.31 required under section 473.1462, and in the following priority order:

29.32 (1) payment of debt service necessary on bonds or other obligations issued under
29.33 subdivision 6;

30.1 (2) operating and capital costs to preserve existing bus services that conform with regional
 30.2 transit performance standards specified in the council's transportation policy plan;

30.3 (3) 100 percent of the net operating costs of existing arterial bus rapid transit lines and
 30.4 50 percent of the net operating costs of other existing transitways;

30.5 (4) grants required under paragraph (b);

30.6 (5) operating and capital costs for the expansion and modernization of regional bus
 30.7 services, including replacement services provided under section 473.388, under the regional
 30.8 service improvement plan adopted by the council;

30.9 (6) operating and capital costs for expansion and improvement of regional transitways;
 30.10 and

30.11 (7) any other costs payable under subdivision 4.

30.12 (b) After accounting for the amounts necessary for paragraph (a), clauses (1), (2), and
 30.13 (3), the council must make five percent of the remaining revenues available through grants
 30.14 to local units of government within the metropolitan area for bicycle and pedestrian projects.
 30.15 The council must establish a grant program, criteria, and oversight procedures for regional
 30.16 bicycle and pedestrian project grants at least once every two years.

30.17 Subd. 6. **Revenue bonds.** (a) In addition to other authority granted in this section, the
 30.18 council may, by resolution, authorize the sale and issuance of revenue bonds, notes, or other
 30.19 obligations to provide funds to (1) implement the council's regional transit system
 30.20 development and financial plan, and (2) refund bonds issued under this subdivision.

30.21 (b) The bonds are payable from and secured by a pledge of the revenues identified in
 30.22 the transit system development and financial plan, including without limitation all or any
 30.23 part of revenues received from the metropolitan area transit sales and use tax imposed under
 30.24 subdivision 2 and associated investment earnings on debt proceeds. The council may by
 30.25 resolution authorize the issuance of the bonds as general obligations of the council. The
 30.26 bonds must be sold, issued, and secured in the manner provided in chapter 475, and the
 30.27 council has the same powers and duties as a municipality and its governing body in issuing
 30.28 bonds under chapter 475, except that no election is required and the net debt limitations in
 30.29 chapter 475 do not apply to such bonds. The proceeds of the bonds may also be used to
 30.30 fund necessary reserves and to pay credit enhancement fees, issuance costs, and other
 30.31 financing costs during the life of the debt.

30.32 (c) The bonds may be secured by a bond resolution, or a trust indenture entered into by
 30.33 the council with a corporate trustee within or outside the state, which must define the

31.1 revenues and bond proceeds pledged for the payment and security of the bonds. The pledge
 31.2 must be a valid charge on the revenues received under section 297A.99, subdivision 11.
 31.3 Neither the state, nor any municipality or political subdivision except the council, nor any
 31.4 member or officer or employee of the council, is liable on the obligations. No mortgage or
 31.5 security interest in any tangible real or personal property shall be granted to the bondholders
 31.6 or the trustee, but they shall have a valid security interest in the revenues and bond proceeds
 31.7 received by the council and pledged to the payment of the bonds. In the bond resolution or
 31.8 trust indenture, the council may make such covenants as it determines to be reasonable for
 31.9 the protection of the bondholders.

31.10 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 31.11 September 30, 2017, and applies in the counties of Anoka, Carver, Dakota, Hennepin,
 31.12 Ramsey, Scott, and Washington.

31.13 Sec. 3. **[473.1462] REGIONAL TRANSIT SYSTEM DEVELOPMENT AND**
 31.14 **FINANCIAL PLAN.**

31.15 Subdivision 1. **Annual regional transit system development and financial plan.** By
 31.16 December 15, 2017, and annually thereafter, the council must prepare and adopt a
 31.17 comprehensive regional transit system development and financial plan that identifies and
 31.18 describes the transit system operating and capital investments planned to occur over at least
 31.19 the following ten calendar years. The council's adopted annual transit operating and capital
 31.20 budgets must be consistent with the transit system development and financial plan. The
 31.21 transit system development and financial plan may be amended as needed. The council must
 31.22 annually submit the plan for review by the Legislative Commission on Metropolitan
 31.23 Government under section 3.8841.

31.24 Subd. 2. **Details on transit operations and capital investments; transit revenues.**
 31.25 The regional transit system development and financial plan must detail the transit operations
 31.26 and capital investments expected for all regional public transit services funded in whole or
 31.27 in part by the council, including but not limited to regular route bus services operated by
 31.28 the council, regular route bus services operated by replacement service providers under
 31.29 section 473.388, Metro Mobility special transportation services provided under section
 31.30 473.386, other dial-a-ride and vanpool services provided by the council, and all regional
 31.31 transitway operations and capital investments, with detail provided for each existing or new
 31.32 transitway line. The plan must also account for all transit revenues expected to be available
 31.33 to the council, including but not limited to metropolitan area transit sales and use tax revenue
 31.34 available from the tax imposed under section 297A.9925, subdivision 2, transit fare revenues,

32.1 metropolitan area transit state general fund appropriations, motor vehicle sales tax revenues
 32.2 available through the metropolitan transit assistance account under section 16A.88,
 32.3 subdivision 2, federal transit funds, regional transit capital bonds issued by the council under
 32.4 section 473.39, and sales tax revenues allocated to the council by the joint powers board
 32.5 under section 297A.992. The regional transit system development and financial plan must
 32.6 be consistent with the adopted regional transportation policy plan, and must detail the
 32.7 specific transit operations and capital investments expected in each year of the plan. The
 32.8 plan may account for the use of debt financing and the issuance of bonds as authorized
 32.9 under section 297A.9925, subdivision 6.

32.10 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies in the counties
 32.11 of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

32.12 Sec. 4. **REPEALER.**

32.13 Minnesota Statutes 2016, section 473.4051, subdivision 2, is repealed.

32.14 **EFFECTIVE DATE.** This section is effective July 1, 2017.

32.15 **ARTICLE 5**

32.16 **TRANSPORTATION POLICY AND FINANCE**

32.17 Section 1. Minnesota Statutes 2016, section 115A.908, is amended to read:

32.18 **115A.908 MOTOR VEHICLE TRANSFER FEE.**

32.19 Subdivision 1. **Fee charged.** (a) A fee of \$10 ~~shall be~~ is charged on the initial registration
 32.20 and each subsequent transfer of title within the state, other than transfers for resale purposes,
 32.21 of every motor vehicle weighing more than 1,000 pounds. The fee shall be collected by the
 32.22 commissioner of public safety. Registration plates or certificates of title may not be issued
 32.23 by the commissioner of public safety for the ownership or operation of a motor vehicle
 32.24 subject to the transfer fee unless the fee is paid. The fee may not be charged on the transfer
 32.25 of:

32.26 (1) previously registered vehicles if the transfer is to the same person;

32.27 (2) vehicles subject to the conditions specified in section 297A.70, subdivision 2; or

32.28 (3) vehicles purchased in another state by a resident of another state if more than 60
 32.29 days have elapsed after the date of purchase and the purchaser is transferring title to this
 32.30 state and has become a resident of this state after the purchase.

32.31 (b) A surcharge of \$10 is imposed on each fee charged under paragraph (a).

33.1 Subd. 2. **Deposit of revenue.** (a) Fee revenue collected under this section shall
 33.2 subdivision 1, paragraph (a), must be credited to the environmental fund.

33.3 (b) The commissioner must deposit the proceeds of the surcharge under subdivision 1,
 33.4 paragraph (b), to the following accounts, in amounts as determined by the commissioner
 33.5 of transportation:

33.6 (1) the small city streets and bridges account under section 162.145, subdivision 2;

33.7 (2) the large city streets and bridges account under section 162.146, subdivision 2;

33.8 (3) the safe routes to school program, for both infrastructure and noninfrastructure grants,
 33.9 under section 174.40; and

33.10 (4) the tribal roads account under section 162.147, subdivision 1.

33.11 (c) Surcharges deposited under paragraph (b) are annually appropriated to the
 33.12 commissioner for the purposes of the account the surcharge is deposited in.

33.13 Sec. 2. **[160.801] HIGHWAY SPONSORSHIP PROGRAM.**

33.14 Subdivision 1. **Sponsorship program.** (a) The commissioner is authorized to establish
 33.15 a program designed to encourage businesses, civic groups, or individuals to voluntarily
 33.16 assist with the improvement and maintenance of real property comprising the state trunk
 33.17 highway system, including bicycle and pedestrian trails, roadside monuments, and historic
 33.18 sites.

33.19 (b) All support provided by volunteers or vendors must be carried out in a manner
 33.20 consistent with construction and maintenance plans approved by the commissioner after
 33.21 consultation with the volunteers.

33.22 (c) The commissioner may provide assistance to enhance the safety and comfort of
 33.23 volunteers and facilitate the implementation and administration of the sponsorship program.

33.24 Subd. 2. **Agreements.** The commissioner may enter into agreements with businesses,
 33.25 civic groups, or individuals to volunteer support to maintain and make improvements to
 33.26 real property included in the trunk highway system. All sponsorship activities must have
 33.27 prior approval of the commissioner. Agreements under this section are not subject to section
 33.28 161.32. The volunteer support activities include but are not limited to:

33.29 (1) work to create, protect, and enhance pollinator habitat along highway rights-of-way;

33.30 (2) work to pick up litter along roadsides;

34.1 (3) work to install enhancements, including landscaping materials, on trunk highway
 34.2 property;

34.3 (4) financial support provided to the department for specific roadside improvements;

34.4 (5) financial support consisting of the sponsor hiring a professional landscape contractor
 34.5 to install vegetation, maintain landscape plantings, or pick up litter, or for other similar
 34.6 activities along a selected area of highway right-of-way; or

34.7 (6) installation of features that enhance the aesthetics of trunk highway property or the
 34.8 amenities available to highway users.

34.9 Subd. 3. **Acknowledgment of sponsors.** The commissioner may publicly recognize and
 34.10 express appreciation to businesses, civic groups, and individuals that provide volunteer
 34.11 funding or services under the sponsorship program. The recognition may include signs
 34.12 acknowledging the sponsorship.

34.13 Subd. 4. **Revenue.** Funds received under this section must be deposited in the trunk
 34.14 highway fund and are annually appropriated to the commissioner for the purpose specified
 34.15 by the donation.

34.16 Subd. 5. **Prohibition.** The commissioner must not take action under this section that
 34.17 would result in the loss of federal highway funds or require payment of highway funds to
 34.18 the federal government.

34.19 Sec. 3. Minnesota Statutes 2016, section 161.081, subdivision 3, is amended to read:

34.20 Subd. 3. **Flexible highway account; turnback accounts.** (a) The flexible highway
 34.21 account is created in the state treasury. Money in the account shall be used:

34.22 ~~(1) in fiscal years 2009 and 2010, 100 percent of the excess sum, as calculated in~~
 34.23 ~~paragraph (i), and in fiscal years 2011 and thereafter, 50 percent of the excess sum, as~~
 34.24 ~~calculated in paragraph (i), for counties in the metropolitan area, as defined in section~~
 34.25 ~~473.121, subdivision 4, but for the purposes of the calculation cities of the first class will~~
 34.26 ~~be excluded in the metropolitan area; and~~

34.27 (2) of the amount available in the flexible highway account less the amount under clause
 34.28 (1), as determined by the commissioner under this section for:

34.29 (i) restoration of former trunk highways that have reverted to counties or to statutory or
 34.30 home rule charter cities, or for trunk highways that will be restored and subsequently turned
 34.31 back by agreement between the commissioner and the local road authority;

35.1 (ii) safety improvements on county highways, municipal highways, streets, or town
35.2 roads; and

35.3 (iii) routes of regional significance.

35.4 (b) For purposes of this subdivision, "restoration" means the level of effort required to
35.5 improve the route that will be turned back to an acceptable condition as determined by
35.6 agreement made between the commissioner and the county or city before the route is turned
35.7 back.

35.8 (c) The commissioner shall review the need for funds to restore highways that have been
35.9 or will be turned back. The commissioner shall determine, on a biennial basis, the percentage
35.10 of funds in the flexible highway account to be distributed to each district, and within each
35.11 district the percentage to be used for each of the purposes specified in paragraph (a). Money
35.12 in the account may be used for safety improvements and routes of regional significance
35.13 only after money is set aside to restore the identified turnbacks. The commissioner shall
35.14 make these determinations only after meeting and holding discussions with committees
35.15 selected by the statewide associations of both county commissioners and municipal officials.
35.16 The commissioner shall, to the extent feasible, annually allocate 50 percent of the funds in
35.17 the flexible highway account to the department's metropolitan district, and 50 percent to
35.18 districts in greater Minnesota.

35.19 (d) Money that will be used for the restoration of trunk highways that have reverted or
35.20 that will revert to cities must be deposited in the municipal turnback account, which is
35.21 created in the state treasury.

35.22 (e) Money that will be used for the restoration of trunk highways that have reverted or
35.23 that will revert to counties must be deposited in the county turnback account, which is
35.24 created in the state treasury.

35.25 (f) Money that will be used for safety improvements must be deposited in the highway
35.26 safety improvement account, which is created in the state treasury to be used as grants to
35.27 statutory or home rule charter cities, towns, and counties to assist in paying the costs of
35.28 constructing or reconstructing city streets, county highways, or town roads to reduce crashes,
35.29 deaths, injuries, and property damage.

35.30 (g) Money that will be used for routes of regional significance must be deposited in the
35.31 routes of regional significance account, which is created in the state treasury, and used as
35.32 grants to statutory or home rule charter cities, towns, and counties to assist in paying the
35.33 costs of constructing or reconstructing city streets, county highways, or town roads with

36.1 statewide or regional significance that have not been fully funded through other state, federal,
36.2 or local funding sources.

36.3 (h) As part of each biennial budget submission to the legislature, the commissioner shall
36.4 describe how the money in the flexible highway account will be apportioned among the
36.5 county turnback account, the municipal turnback account, the trunk highway fund for routes
36.6 turned back to local governments by agreement, the highway safety improvement account,
36.7 and the routes of regional significance account.

36.8 (i) The excess sum is calculated as the sum of revenue 32 percent of the distribution
36.9 amount within the flexible highway account:

36.10 ~~(1) attributed to that portion of the gasoline excise tax rate under section 296A.07,~~
36.11 ~~subdivision 3, in excess of 20 cents per gallon, and to that portion of the excise tax rates in~~
36.12 ~~excess of the energy equivalent of a gasoline excise tax rate of 20 cents per gallon for E85~~
36.13 ~~and M85 under section 296A.07, subdivision 3, and special fuel under section 296A.08,~~
36.14 ~~subdivision 2;~~

36.15 ~~(2) attributed to a change in the passenger vehicle registration tax under section 168.013,~~
36.16 ~~imposed on or after July 1, 2008, that exceeds (i) the amount collected in fiscal year 2008,~~
36.17 ~~multiplied by (ii) the annual average United States Consumer Price Index for the calendar~~
36.18 ~~year previous to the current calendar year, divided by the annual average United States~~
36.19 ~~Consumer Price Index for calendar year 2007; and~~

36.20 ~~(3) attributed to that portion of the motor vehicle sales tax revenue in excess of the~~
36.21 ~~percentage allocated to the flexible highway account in fiscal year 2007.~~

36.22 ~~(j) For purposes of this subdivision, the United States Consumer Price Index identified~~
36.23 ~~in paragraph (i), clause (2), is for all urban consumers, United States city average, as~~
36.24 ~~determined by the United States Department of Labor.~~

36.25 Sec. 4. Minnesota Statutes 2016, section 161.3212, is amended to read:

36.26 **161.3212 WORKING CAPITAL FUND.**

36.27 (a) The commissioner, to the extent allowed by other law or contract, may grant available
36.28 money that has been appropriated for socially or economically disadvantaged business
36.29 programs to a guaranty fund administered by a nonprofit organization that makes or
36.30 guarantees working capital loans to small business concerns owned and operated by socially
36.31 and economically disadvantaged individuals. "Small business concern" and "socially and
36.32 economically disadvantaged individual" have the meanings given them in Code of Federal
36.33 Regulations, title 49, section 26.5. The purpose of loans made or guaranteed by the

37.1 organization must be to provide short-term working capital to enable eligible businesses to
 37.2 be awarded contracts for goods and services or for construction-related services from
 37.3 government agencies.

37.4 (b) Money contributed from a constitutionally or statutorily dedicated fund must be used
 37.5 only for purposes consistent with the purposes of the dedicated fund. Notwithstanding
 37.6 section 16A.28, money deposited in the fund does not lapse and is available until expended.

37.7 Sec. 5. Minnesota Statutes 2016, section 161.46, subdivision 2, is amended to read:

37.8 Subd. 2. **Relocation of facilities; reimbursement.** (a) Whenever the commissioner shall
 37.9 determine the relocation of any utility facility is necessitated by the construction of a project
 37.10 on the routes of federally aided state trunk highways, including urban extensions thereof,
 37.11 which routes are included within the National System of Interstate Highways, the owner or
 37.12 operator of such utility facility shall relocate the same in accordance with the order of the
 37.13 commissioner. After the completion of such relocation the cost thereof shall be ascertained
 37.14 and paid by the state out of trunk highway funds; provided, however, the amount to be paid
 37.15 by the state for such reimbursement shall not exceed the amount on which the federal
 37.16 government bases its reimbursement for said interstate system.

37.17 (b) Notwithstanding paragraph (a), any utility facility installed after August 1, 2017, is
 37.18 not eligible for relocation reimbursement.

37.19 Sec. 6. **[162.146] LARGE CITIES ASSISTANCE.**

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

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

37.25 (c) "Population" means the most recent population estimated or established as of 30 days
 37.26 before the date of an allocation under subdivision 4, of: (1) the most recent federal census,
 37.27 (2) a special census conducted under contract with the United States Census Bureau, (3) a
 37.28 population estimate made by the Metropolitan Council under section 473.24, or (4) a
 37.29 population estimate of the state demographer made under section 4A.02.

37.30 (d) "Total population" means the sum of populations of all eligible cities.

37.31 Subd. 2. **Large cities assistance account.** A large cities assistance account is created
 37.32 in the special revenue fund. The account consists of funds as provided by law, and any other

38.1 money donated, allotted, transferred, or otherwise provided to the account. Money in the
38.2 account may only be expended as provided under this section.

38.3 Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner
38.4 must allocate all funds as provided in subdivision 4 and must notify the commissioner of
38.5 revenue.

38.6 (b) Following notification from the commissioner of transportation, the commissioner
38.7 of revenue must distribute the specified funds to cities in the same manner as local
38.8 government aid under chapter 477A. An appropriation to the commissioner of transportation
38.9 under this section is available to the commissioner of revenue for the purposes specified in
38.10 this paragraph.

38.11 (c) Notwithstanding any other law to the contrary, a city must conform to the standards
38.12 in section 477A.017, subdivision 2, to be eligible to receive distributions under this section.
38.13 A city that receives funds under this section must make and preserve records necessary to
38.14 show that fund expenditures comply with subdivision 4.

38.15 Subd. 4. **Distribution formula.** In each fiscal year in which funds are available under
38.16 this section, the commissioner shall allocate funds to eligible cities as follows:

38.17 (1) 50 percent of the funds allocated proportionally based on each city's share of
38.18 population compared to total population of all eligible cities; and

38.19 (2) 50 percent of the funds allocated based on each city's share of money needs, as
38.20 determined by the commissioner under section 162.13, subdivision 3, compared to the total
38.21 money needs of all eligible cities.

38.22 Subd. 5. **Use of funds.** (a) Funds distributed under this section are available only for
38.23 construction, improvement, and maintenance of roads and bridges located within the city,
38.24 including but not limited to:

38.25 (1) land acquisition, environmental analysis, design, engineering, construction,
38.26 reconstruction, and maintenance;

38.27 (2) road projects partially located within the city; and

38.28 (3) cost participation on road projects under the jurisdiction of another unit of government.

38.29 (b) Funds distributed under this section are not subject to state-aid requirements under
38.30 this chapter, including but not limited to engineering standards adopted by the commissioner
38.31 in administrative rules.

39.1 Sec. 7. [162.147] TRIBAL ROADS ASSISTANCE.

39.2 Subdivision 1. Tribal roads assistance account. A tribal roads assistance account is
39.3 created in the special revenue fund. The account consists of funds as provided by law, and
39.4 any other money donated, allotted, transferred, or otherwise provided to the account. Money
39.5 in the account may only be expended as provided under this section.

39.6 Subd. 2. Distribution of funds. The commissioner, in consultation with the advocacy
39.7 council on tribal transportation, must devise a formula to distribute the funds to all 11
39.8 federally recognized tribal nations in Minnesota.

39.9 Sec. 8. Minnesota Statutes 2016, section 168.013, subdivision 1a, is amended to read:

39.10 Subd. 1a. **Passenger automobile; hearse.** (a) On passenger automobiles as defined in
39.11 section 168.002, subdivision 24, and hearses, except as otherwise provided, the tax shall be
39.12 an amount equal to a combination of the following:

39.13 (1) \$10 for vehicles with registration periods beginning on or before June 30, 2020, and
39.14 \$20 for vehicles with registration periods beginning on or after July 1, 2020, plus

39.15 (2) an additional tax equal to the following:

39.16 (i) 1.25 percent of the base value- for vehicles with registration periods ending on or
39.17 before December 31, 2017;

39.18 (ii) 1.35 percent of the base value for vehicles with registration periods beginning on or
39.19 after January 1, 2018, and before July 1, 2018;

39.20 (iii) 1.45 percent of the base value for vehicles with registration periods beginning on
39.21 or after July 1, 2018, and before July 1, 2019; and

39.22 (iv) 1.50 percent of the base value for vehicles with registration periods beginning on
39.23 or after July 1, 2019.

39.24 (b) Subject to the classification provisions herein, "base value" means the manufacturer's
39.25 suggested retail price of the vehicle including destination charge using list price information
39.26 published by the manufacturer or determined by the registrar if no suggested retail price
39.27 exists, and shall not include the cost of each accessory or item of optional equipment
39.28 separately added to the vehicle and the suggested retail price.

39.29 (c) If the manufacturer's list price information contains a single vehicle identification
39.30 number followed by various descriptions and suggested retail prices, the registrar shall
39.31 select from those listings only the lowest price for determining base value.

40.1 (d) If unable to determine the base value because the vehicle is specially constructed,
 40.2 or for any other reason, the registrar may establish such value upon the cost price to the
 40.3 purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales
 40.4 or use tax or any local sales or other local tax.

40.5 (e) The registrar shall classify every vehicle in its proper base value class as follows:

40.6	FROM	TO
40.7	\$ 0	\$ 199.99
40.8	\$ 200	\$ 399.99

40.9 and thereafter a series of classes successively set in brackets having a spread of \$200
 40.10 consisting of such number of classes as will permit classification of all vehicles.

40.11 (f) The base value for purposes of this section shall be the middle point between the
 40.12 extremes of its class.

40.13 (g) The registrar shall establish the base value, when new, of every passenger automobile
 40.14 and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31,
 40.15 using list price information published by the manufacturer or any nationally recognized
 40.16 firm or association compiling such data for the automotive industry. If unable to ascertain
 40.17 the base value of any registered vehicle in the foregoing manner, the registrar may use any
 40.18 other available source or method. The registrar shall calculate tax using base value
 40.19 information available to dealers and deputy registrars at the time the application for
 40.20 registration is submitted. The tax on all previously registered vehicles shall be computed
 40.21 upon the base value thus determined taking into account the depreciation provisions of
 40.22 paragraph (h).

40.23 (h) The annual additional tax must be computed upon a percentage of the base value as
 40.24 follows: during the first year of vehicle life, upon 100 percent of the base value; for the
 40.25 second year, 90 percent of such value; for the third year, 80 percent of such value; for the
 40.26 fourth year, 70 percent of such value; for the fifth year, 60 percent of such value; for the
 40.27 sixth year, 50 percent of such value; for the seventh year, 40 percent of such value; for the
 40.28 eighth year, 30 percent of such value; for the ninth year, 20 percent of such value; for the
 40.29 tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of \$25.

40.30 (i) In no event shall the annual additional tax be less than \$25.

40.31 ~~(j) For any vehicle previously registered in Minnesota, the annual additional tax due~~
 40.32 ~~under this subdivision must not exceed the smallest amount of annual additional tax~~
 40.33 ~~previously paid or due on the vehicle.~~

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

41.2 Sec. 9. Minnesota Statutes 2016, section 168.33, subdivision 7, is amended to read:

41.3 Subd. 7. **Filing fees; allocations.** (a) In addition to all other statutory fees and taxes, ~~a~~
41.4 ~~filing fee of:~~

41.5 (1) a \$6 filing fee is imposed on every vehicle registration renewal, excluding pro rate
41.6 transactions; ~~and~~

41.7 (2) a \$10 surcharge is imposed on the fee for every vehicle registration renewal, excluding
41.8 pro rate transactions; and

41.9 ~~(2)~~ (3) a \$10 filing fee is imposed on every other type of vehicle transaction, including
41.10 motor carrier fuel licenses under sections 168D.05 and 168D.06, and pro rate transactions.

41.11 (b) Notwithstanding paragraph (a):

41.12 (1) a filing fee may not be charged for a document returned for a refund or for a correction
41.13 of an error made by the Department of Public Safety, a dealer, or a deputy registrar; and

41.14 (2) no filing fee or other fee may be charged for the permanent surrender of a title for a
41.15 vehicle.

41.16 (c) The filing fee must be shown as a separate item on all registration renewal notices
41.17 sent out by the commissioner.

41.18 (d) The statutory fees and taxes, and the filing fees imposed under paragraph (a) may
41.19 be paid by credit card or debit card. The deputy registrar may collect a surcharge on the
41.20 statutory fees, taxes, and filing fee not greater than the cost of processing a credit card or
41.21 debit card transaction, in accordance with emergency rules established by the commissioner
41.22 of public safety. The surcharge must be used to pay the cost of processing credit and debit
41.23 card transactions.

41.24 (e) The fees collected under this subdivision by the department must be allocated as
41.25 follows:

41.26 (1) of the fees collected under paragraph (a), clause (1):

41.27 (i) \$4.50 must be deposited in the vehicle services operating account; and

41.28 (ii) \$1.50 must be deposited:

41.29 (A) in the driver and vehicle services technology account until sufficient funds have
41.30 been deposited in that account to cover all costs of administration, development, and initial
41.31 full deployment of the driver and vehicle services information system; and

42.1 (B) after completion of the deposit of funds under subitem (A) in the vehicle services
42.2 operating account; ~~and~~

42.3 (2) of the fees collected under paragraph (a), clause (2):

42.4 (i) \$3.50 must be deposited in the general fund;

42.5 (ii) \$5.00 must be deposited in the vehicle services operating account; and

42.6 (iii) \$1.50 must be deposited:

42.7 (A) in the driver and vehicle services technology account until sufficient funds have
42.8 been deposited in that account to cover all costs of administration, development, and initial
42.9 full deployment of the driver and vehicle services information system; and

42.10 (B) after completion of the deposit of funds under subitem (A) in the vehicle services
42.11 operating account; and

42.12 (3) of the surcharge collected under paragraph (a), clause (2), amounts must be determined
42.13 by the commissioner of transportation and deposited in:

42.14 (i) the small city streets and bridges account under section 162.145, subdivision 1;

42.15 (ii) the larger city streets and bridges account under section 162.146;

42.16 (iii) the safe routes to school program, for both infrastructure and noninfrastructure
42.17 grants, under section 174.40; and

42.18 (iv) the tribal roads account under section 162.147.

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

42.20 Sec. 10. Minnesota Statutes 2016, section 169.86, subdivision 5, is amended to read:

42.21 Subd. 5. **Fees; proceeds deposited; appropriation.** The commissioner, with respect to
42.22 highways under the commissioner's jurisdiction, may charge a fee for each permit issued.

42.23 ~~The fee for an annual permit that expires by law on the date of the vehicle registration~~

42.24 ~~expiration must be based on the proportion of the year that remains until the expiration date.~~

42.25 Unless otherwise specified, all fees for permits issued by the commissioner of transportation
42.26 must be deposited in the state treasury and credited to the trunk highway fund. Except for
42.27 those annual permits for which the permit fees are specified elsewhere in this chapter, the
42.28 fees are:

42.29 (a) \$15 for each single trip permit.

43.1 (b) \$36 for each job permit. A job permit may be issued for like loads carried on a specific
43.2 route for a period not to exceed two months. "Like loads" means loads of the same product,
43.3 weight, and dimension.

43.4 (c) \$60 for an annual permit to be issued for a period not to exceed 12 consecutive
43.5 months. Annual permits may be issued for:

43.6 (1) motor vehicles used to alleviate a temporary crisis adversely affecting the safety or
43.7 well-being of the public;

43.8 (2) motor vehicles that travel on interstate highways and carry loads authorized under
43.9 subdivision 1a;

43.10 (3) motor vehicles operating with gross weights authorized under section 169.826,
43.11 subdivision 1a;

43.12 (4) special pulpwood vehicles described in section 169.863;

43.13 (5) motor vehicles bearing snowplow blades not exceeding ten feet in width;

43.14 (6) noncommercial transportation of a boat by the owner or user of the boat; and

43.15 (7) motor vehicles carrying bales of agricultural products authorized under section
43.16 169.862.

43.17 (d) \$120 for an oversize annual permit to be issued for a period not to exceed 12
43.18 consecutive months. Annual permits may be issued for:

43.19 (1) mobile cranes;

43.20 (2) construction equipment, machinery, and supplies;

43.21 (3) manufactured homes and manufactured storage buildings;

43.22 (4) implements of husbandry;

43.23 (5) double-deck buses;

43.24 (6) commercial boat hauling and transporting waterfront structures, including, but not
43.25 limited to, portable boat docks and boat lifts;

43.26 (7) three-vehicle combinations consisting of two empty, newly manufactured trailers
43.27 for cargo, horses, or livestock, not to exceed 28-1/2 feet per trailer; provided, however, the
43.28 permit allows the vehicles to be moved from a trailer manufacturer to a trailer dealer only
43.29 while operating on twin-trailer routes designated under section 169.81, subdivision 3,
43.30 paragraph (c); and

44.1 (8) vehicles operating on that portion of marked Trunk Highway 36 described in section
44.2 169.81, subdivision 3, paragraph (e).

44.3 (e) For vehicles that have axle weights exceeding the weight limitations of sections
44.4 169.823 to 169.829, an additional cost added to the fees listed above. However, this paragraph
44.5 applies to any vehicle described in section 168.013, subdivision 3, paragraph (b), but only
44.6 when the vehicle exceeds its gross weight allowance set forth in that paragraph, and then
44.7 the additional cost is for all weight, including the allowance weight, in excess of the permitted
44.8 maximum axle weight. The additional cost is equal to the product of the distance traveled
44.9 times the sum of the overweight axle group cost factors shown in the following chart:

44.10 Overweight Axle Group Cost Factors

44.11 Weight (pounds)	44.11 Cost Per Mile For Each Group Of:		
44.12 exceeding weight	44.12 Two	44.12 Three	
44.13 limitations on axles	44.13 consecutive	44.13 consecutive	
	44.14 axles spaced	44.14 axles spaced	44.14 Four consecutive
	44.15 within 8 feet	44.15 within 9 feet	44.15 axles spaced within
	44.16 or less	44.16 or less	44.16 14 feet or less
44.17 0-2,000	.12	.05	.04
44.18 2,001-4,000	.14	.06	.05
44.19 4,001-6,000	.18	.07	.06
44.20 6,001-8,000	.21	.09	.07
44.21 8,001-10,000	.26	.10	.08
44.22 10,001-12,000	.30	.12	.09
44.23 12,001-14,000	Not		
44.24	permitted	.14	.11
44.25 14,001-16,000	Not		
44.26	permitted	.17	.12
44.27 16,001-18,000	Not		
44.28	permitted	.19	.15
44.29 18,001-20,000	Not	Not	
44.30	permitted	permitted	.16
44.31 20,001-22,000	Not	Not	
44.32	permitted	permitted	.20

44.33 The amounts added are rounded to the nearest cent for each axle or axle group. The additional
44.34 cost does not apply to paragraph (c), clauses (1) and (3).

44.35 For a vehicle found to exceed the appropriate maximum permitted weight, a cost-per-mile
44.36 fee of 22 cents per ton, or fraction of a ton, over the permitted maximum weight is imposed
44.37 in addition to the normal permit fee. Miles must be calculated based on the distance already
44.38 traveled in the state plus the distance from the point of detection to a transportation loading
44.39 site or unloading site within the state or to the point of exit from the state.

45.1 (f) As an alternative to paragraph (e), an annual permit may be issued for overweight,
 45.2 or oversize and overweight, mobile cranes; construction equipment, machinery, and supplies;
 45.3 implements of husbandry; and commercial boat hauling. The fees for the permit are as
 45.4 follows:

45.5	Gross Weight (pounds) of Vehicle	Annual Permit Fee
45.6	90,000 or less	\$200
45.7	90,001 - 100,000	\$300
45.8	100,001 - 110,000	\$400
45.9	110,001 - 120,000	\$500
45.10	120,001 - 130,000	\$600
45.11	130,001 - 140,000	\$700
45.12	140,001 - 145,000	\$800
45.13	145,001 - 155,000	\$900

45.14 If the gross weight of the vehicle is more than 155,000 pounds the permit fee is determined
 45.15 under paragraph (e).

45.16 (g) For vehicles which exceed the width limitations set forth in section 169.80 by more
 45.17 than 72 inches, an additional cost equal to \$120 added to the amount in paragraph (a) when
 45.18 the permit is issued while seasonal load restrictions pursuant to section 169.87 are in effect.

45.19 (h) \$85 for an annual permit to be issued for a period not to exceed 12 months, for
 45.20 refuse-compactor vehicles that carry a gross weight of not more than: 22,000 pounds on a
 45.21 single rear axle; 38,000 pounds on a tandem rear axle; or, subject to section 169.828,
 45.22 subdivision 2, 46,000 pounds on a tridem rear axle. A permit issued for up to 46,000 pounds
 45.23 on a tridem rear axle must limit the gross vehicle weight to not more than 62,000 pounds.

45.24 (i) \$300 for a motor vehicle described in section 169.8261. The fee under this paragraph
 45.25 must be deposited as follows:

45.26 (1) the first \$50,000 in each fiscal year must be deposited in the trunk highway fund for
 45.27 costs related to administering the permit program and inspecting and posting bridges; and

45.28 (2) all remaining money in each fiscal year must be deposited in the bridge inspection
 45.29 and signing account as provided under subdivision 5b.

45.30 (j) ~~Beginning August 1, 2006,~~ \$200 for an annual permit for a vehicle operating under
 45.31 authority of section 169.824, subdivision 2, clause (2).

46.1 Sec. 11. Minnesota Statutes 2016, section 169.865, subdivision 1, is amended to read:

46.2 Subdivision 1. **Six-axle vehicles.** (a) A road authority may issue an annual permit
46.3 authorizing a vehicle or combination of vehicles with a total of six or more axles to haul
46.4 raw or unprocessed agricultural products and be operated with a gross vehicle weight of up
46.5 to:

46.6 (1) 90,000 pounds; and

46.7 (2) 99,000 pounds during the period set by the commissioner under section 169.826,
46.8 subdivision 1.

46.9 (b) Notwithstanding subdivision 3, paragraph (a), clause (4), a vehicle or combination
46.10 of vehicles operated under this subdivision and transporting only sealed intermodal containers
46.11 may be operated on an interstate highway if allowed by the United States Department of
46.12 Transportation.

46.13 (c) The fee for a permit issued under this subdivision is \$300, ~~or a proportional amount~~
46.14 ~~as provided in section 169.86, subdivision 5.~~

46.15 Sec. 12. Minnesota Statutes 2016, section 169.865, subdivision 2, is amended to read:

46.16 Subd. 2. **Seven-axle vehicles.** (a) A road authority may issue an annual permit authorizing
46.17 a vehicle or combination of vehicles with a total of seven or more axles to haul raw or
46.18 unprocessed agricultural products and be operated with a gross weight of up to:

46.19 (1) 97,000 pounds; and

46.20 (2) 99,000 pounds during the period set by the commissioner under section 169.826,
46.21 subdivision 1.

46.22 (b) Drivers of vehicles operating under this subdivision must comply with driver
46.23 qualification requirements adopted under section 221.0314, subdivisions 2 to 5, and Code
46.24 of Federal Regulations, title 49, parts 40 and 382, unless exempt under section 221.031,
46.25 subdivision 2c.

46.26 (c) The fee for a permit issued under this subdivision is \$500, ~~or a proportional amount~~
46.27 ~~as provided in section 169.86, subdivision 5.~~

46.28 Sec. 13. Minnesota Statutes 2016, section 169.866, subdivision 3, is amended to read:

46.29 Subd. 3. **Permit fee; appropriation.** Vehicle permits issued under subdivision 1 must
46.30 be annual permits. The fee is \$850 for each vehicle, ~~or a proportional amount as provided~~
46.31 ~~in section 169.86, subdivision 5,~~ and must be deposited in the trunk highway fund. An

47.1 amount sufficient to administer the permit program is appropriated from the trunk highway
47.2 fund to the commissioner for the costs of administering the permit program.

47.3 Sec. 14. [174.57] SNOW AND ICE CONTROL.

47.4 The commissioner of transportation, upon written notification to the commissioner of
47.5 management and budget and the chairs and ranking minority members of the house of
47.6 representatives and senate committees having jurisdiction over transportation finance, may
47.7 transfer all or part of the unappropriated balance in the trunk highway fund to pay for snow
47.8 and ice management expenditures if the Department of Transportation spends more than
47.9 110 percent of its biennial targeted investment level for snow and ice management. The
47.10 amount transferred is appropriated for the purposes of the account to which it is transferred.

47.11 Sec. 15. Minnesota Statutes 2016, section 219.015, subdivision 1, is amended to read:

47.12 Subdivision 1. **Positions established; duties.** (a) The commissioner of transportation
47.13 shall establish ~~three~~ a state rail safety inspector positions in the Office of Freight and
47.14 ~~Commercial Vehicle Operations of the Minnesota Department of Transportation. On or~~
47.15 ~~after July 1, 2015, the commissioner may establish a fourth state rail safety inspector position~~
47.16 ~~following consultation with railroad companies.~~ inspection program, consisting of up to
47.17 nine positions. The commissioner shall apply to and enter into agreements with the Federal
47.18 Railroad Administration (FRA) of the United States Department of Transportation to
47.19 participate in the federal State Rail Safety Participation Program for training and certification
47.20 of ~~an inspector~~ inspectors under authority of United States Code, title 49, sections 20103,
47.21 20105, 20106, and 20113, and Code of Federal Regulations, title 49, part 212.

47.22 (b) A state rail safety inspector ~~shall~~ may: (1) inspect mainline track, secondary track,
47.23 and yard and industry track; (2) inspect railroad right-of-way, including adjacent or
47.24 intersecting drainage, culverts, bridges, overhead structures, and traffic and other public
47.25 crossings; (3) inspect yards ~~and~~ physical plants, and train equipment; (4) review and enforce
47.26 safety requirements; (5) review maintenance and repair records; and (6) review railroad
47.27 security measures.

47.28 (c) A state rail safety inspector may perform, but is not limited to, the duties described
47.29 in the federal State Rail Safety Participation Program. An inspector may train, be certified,
47.30 and participate in any of the federal State Rail Safety Participation Program disciplines,
47.31 including: track, signal and train control, motive power and equipment, operating practices
47.32 compliance, hazardous materials, and highway-rail grade crossings.

48.1 (d) To the extent delegated by the Federal Railroad Administration and authorized by
 48.2 the commissioner, an inspector may issue citations for violations of this chapter, or to ensure
 48.3 railroad employee and public safety and welfare.

48.4 Sec. 16. Minnesota Statutes 2016, section 219.015, subdivision 2, is amended to read:

48.5 Subd. 2. **Railroad company assessment; account; appropriation.** (a) As provided in
 48.6 this subdivision, the commissioner shall annually assess railroad companies that are: (1)
 48.7 defined as common carriers under section 218.011; (2) classified by federal law or regulation
 48.8 as Class I Railroads, Class I Rail Carriers, Class II Railroads, or Class II Carriers; and (3)
 48.9 operating in this state.

48.10 (b) The assessment must be by a division of allocate state rail safety ~~inspector~~ inspection
 48.11 program costs ~~in equal proportion between~~ proportionally among carriers based on route
 48.12 miles operated in Minnesota, ~~assessed in equal amounts for 365 days of the calendar year~~
 48.13 at the time of the assessment. The commissioner ~~shall~~ must assess for all start-up or
 48.14 re-establishment costs, all related costs of initiating costs of the state rail safety inspector
 48.15 program, ~~and ongoing state rail inspector duties~~ including but not limited to administration,
 48.16 supervision, travel, equipment, and training.

48.17 (c) ~~The~~ A state rail safety inspection account is created in the special revenue fund. The
 48.18 account consists of funds as provided by law, and any other money donated, allotted,
 48.19 transferred, or otherwise provided to the account. Assessments collected under this
 48.20 subdivision must be deposited in a special account in the special revenue fund, to be known
 48.21 as the state rail safety inspection account. Money in the account is appropriated to the
 48.22 commissioner for the establishment and ongoing responsibilities of the state rail safety
 48.23 inspector inspection program.

48.24 Sec. 17. [219.016] CRUDE OIL AND HAZARDOUS MATERIALS RAIL SAFETY
 48.25 ASSESSMENT.

48.26 Subdivision 1. Assessment. (a) As provided in this section, the commissioner shall
 48.27 annually assess railroad companies that are: (1) defined as common carriers under section
 48.28 218.011; (2) classified by federal law or regulation as Class I Railroads or Class I Rail
 48.29 Carriers; and (3) operating in this state. The total assessment amount under this section must
 48.30 not exceed \$32,500,000 annually.

48.31 (b) The assessment must be allocated proportionally among carriers based on route miles
 48.32 operated in Minnesota at the time of the assessment.

49.1 Subd. 2. Account created; appropriation. (a) A crude oil and hazardous materials rail
 49.2 safety account is created in the special revenue fund. The account consists of funds as
 49.3 provided by law, and any other money donated, allotted, transferred, or otherwise provided
 49.4 to the account. Assessments collected under this section must be deposited in the crude oil
 49.5 and hazardous materials rail safety account.

49.6 (b) Money in the account is appropriated to the commissioner for the planning,
 49.7 engineering, administration, and construction of highway-rail grade crossing improvements
 49.8 on rail corridors transporting crude oil and other hazardous materials. Improvements may
 49.9 include upgrades to existing protection systems, the closing of crossings and necessary
 49.10 roadwork, and reconstruction of at-grade crossings to full grade separations. Funds in the
 49.11 account are available until expended.

49.12 Sec. 18. Minnesota Statutes 2016, section 219.1651, is amended to read:

49.13 **219.1651 GRADE CROSSING SAFETY ACCOUNT.**

49.14 A Minnesota grade crossing safety account is created in the special revenue fund;
 49.15 ~~consisting of money credited to the account by law.~~ The account consists of funds as provided
 49.16 by law, and any other money donated, allotted, transferred, or otherwise provided to the
 49.17 account. Money in the account is appropriated to the commissioner of transportation for
 49.18 rail-highway grade crossing safety projects on public streets and highways, including
 49.19 planning, engineering, and other costs associated with the administration and delivery of
 49.20 grade crossing safety projects. At the discretion of the commissioner of transportation,
 49.21 money in the account at the end of each biennium may cancel to the trunk highway fund.

49.22 Sec. 19. Minnesota Statutes 2016, section 222.49, is amended to read:

49.23 **222.49 RAIL SERVICE IMPROVEMENT ACCOUNT; APPROPRIATION.**

49.24 The rail service improvement account is created in the special revenue fund ~~in the state~~
 49.25 ~~treasury.~~ The commissioner shall deposit in this account all consists of funds as provided
 49.26 by law, and any other money appropriated to or received by the department for the purpose
 49.27 of rail service improvement donated, allotted, transferred, or otherwise provided to the
 49.28 account, excluding bond proceeds as authorized by article XI, section 5, clause (i)₂ of the
 49.29 Minnesota Constitution. All money so deposited is appropriated to the department for
 49.30 expenditure for rail service improvement in accordance with applicable state and federal
 49.31 law. This appropriation shall not lapse but shall be available until the purpose for which it
 49.32 was appropriated has been accomplished. No money appropriated to the department for the
 49.33 purposes of administering the rail service improvement program shall be deposited in the

50.1 ~~rail service improvement account nor shall such administrative costs be paid from the~~
 50.2 ~~account.~~

50.3 Sec. 20. Minnesota Statutes 2016, section 222.50, subdivision 6, is amended to read:

50.4 Subd. 6. **Grants.** The commissioner may approve grants from the rail service
 50.5 improvement account for ~~payment of up to 50 percent of the nonfederal share of the cost~~
 50.6 ~~of any rail line project under the federal rail service continuation program~~ freight rail service
 50.7 improvements that support economic development.

50.8 Sec. 21. Minnesota Statutes 2016, section 222.50, subdivision 7, is amended to read:

50.9 Subd. 7. **Expenditures.** (a) The commissioner may expend money from the rail service
 50.10 improvement account for the following purposes:

50.11 (1) to make transfers as provided under section 222.57 or to pay interest adjustments on
 50.12 loans guaranteed under the state rail user and rail carrier loan guarantee program;

50.13 (2) to pay a portion of the costs of capital improvement projects designed to improve
 50.14 rail service of a rail user or a rail carrier;

50.15 (3) to pay a portion of the costs of rehabilitation projects designed to improve rail service
 50.16 of a rail user or a rail carrier;

50.17 (4) to acquire, maintain, manage, and dispose of railroad right-of-way pursuant to the
 50.18 state rail bank program;

50.19 (5) to provide for aerial photography survey of proposed and abandoned railroad tracks
 50.20 for the purpose of recording and reestablishing by analytical triangulation the existing
 50.21 alignment of the in-place track;

50.22 (6) to pay a portion of the costs of acquiring a rail line by a regional railroad authority
 50.23 established pursuant to chapter 398A;

50.24 (7) to pay the state matching portion of federal grants for rail-highway grade crossing
 50.25 improvement projects;

50.26 (8) ~~for expenditures made before July 1, 2017, to pay the state matching portion of grants~~
 50.27 ~~under the federal Transportation Investment Generating Economic Recovery (TIGER)~~
 50.28 ~~program of the United States Department of Transportation to pay the state matching portion~~
 50.29 of federal grants for freight rail projects;

50.30 (9) to fund rail planning ~~studies~~ activities and other administrative and program expenses;
 50.31 and

51.1 (10) to pay a portion of the costs of capital improvement projects designed to improve
51.2 capacity or safety at rail yards.

51.3 (b) All money derived by the commissioner from the disposition of railroad right-of-way
51.4 or of any other property acquired pursuant to sections 222.46 to 222.62 shall be deposited
51.5 in the rail service improvement account.

51.6 Sec. 22. Minnesota Statutes 2016, section 299D.03, subdivision 5, is amended to read:

51.7 Subd. 5. **Traffic fines and forfeited bail money.** (a) All fines and forfeited bail money
51.8 collected from persons apprehended or arrested by officers of the State Patrol shall be
51.9 transmitted by the person or officer collecting the fines, forfeited bail money, or installments
51.10 thereof, on or before the tenth day after the last day of the month in which these moneys
51.11 were collected, to the commissioner of management and budget. Except where a different
51.12 disposition is required in this subdivision or section 387.213, or otherwise provided by law,
51.13 three-eighths of these receipts must be deposited in the state treasury and credited to the
51.14 state general fund. The other five-eighths of these receipts must be deposited in the state
51.15 treasury and credited as follows: ~~(1) the first \$1,000,000 in each fiscal year must be credited~~
51.16 ~~to the Minnesota grade crossing safety account in the special revenue fund, and (2) remaining~~
51.17 ~~receipts must be credited to the state trunk highway fund.~~ If, however, the violation occurs
51.18 within a municipality and the city attorney prosecutes the offense, and a plea of not guilty
51.19 is entered, one-third of the receipts shall be deposited in the state treasury and credited to
51.20 the state general fund, one-third of the receipts shall be paid to the municipality prosecuting
51.21 the offense, and one-third shall be deposited in the state treasury and credited to the
51.22 Minnesota grade crossing safety account or the state trunk highway fund as provided in this
51.23 paragraph. When section 387.213 also is applicable to the fine, section 387.213 shall be
51.24 applied before this paragraph is applied. All costs of participation in a nationwide police
51.25 communication system chargeable to the state of Minnesota shall be paid from appropriations
51.26 for that purpose.

51.27 (b) All fines and forfeited bail money from violations of statutes governing the maximum
51.28 weight of motor vehicles, collected from persons apprehended or arrested by employees of
51.29 the state of Minnesota, by means of stationary or portable scales operated by these employees,
51.30 shall be transmitted by the person or officer collecting the fines or forfeited bail money, on
51.31 or before the tenth day after the last day of the month in which the collections were made,
51.32 to the commissioner of management and budget. Five-eighths of these receipts shall be
51.33 deposited in the state treasury and credited to the state highway user tax distribution fund.

52.1 Three-eighths of these receipts shall be deposited in the state treasury and credited to the
52.2 state general fund.

52.3 **Sec. 23. REPEALER.**

52.4 Minnesota Statutes 2016, sections 169.826, subdivision 7; 169.8261, subdivision 3;
52.5 169.86, subdivision 5a; 169.863, subdivision 3; 169.865, subdivision 5; and 169.866,
52.6 subdivision 4, and Laws 2012, chapter 287, article 1, section 1, subdivision 6, are repealed.

52.7 **ARTICLE 6**

52.8 **PUBLIC SAFETY POLICY AND FINANCE**

52.9 Section 1. Minnesota Statutes 2016, section 168.33, subdivision 7, is amended to read:

52.10 Subd. 7. **Filing fees; allocations.** (a) In addition to all other statutory fees and taxes, a
52.11 filing fee of:

52.12 (1) \$6 is imposed on every vehicle registration renewal, excluding pro rate transactions;
52.13 and

52.14 (2) \$10 is imposed on every other type of vehicle transaction, including motor carrier
52.15 fuel licenses under sections 168D.05 and 168D.06, and pro rate transactions.

52.16 (b) Notwithstanding paragraph (a):

52.17 (1) a filing fee may not be charged for a document returned for a refund or for a correction
52.18 of an error made by the Department of Public Safety, a dealer, or a deputy registrar; and

52.19 (2) no filing fee or other fee may be charged for the permanent surrender of a title for a
52.20 vehicle.

52.21 (c) The filing fee must be shown as a separate item on all registration renewal notices
52.22 sent out by the commissioner.

52.23 (d) The statutory fees and taxes, and the filing fees imposed under paragraph (a) may
52.24 be paid by credit card or debit card. The deputy registrar may collect a surcharge on the
52.25 statutory fees, taxes, and filing fee not greater than the cost of processing a credit card or
52.26 debit card transaction, in accordance with emergency rules established by the commissioner
52.27 of public safety. The surcharge must be used to pay the cost of processing credit and debit
52.28 card transactions.

52.29 (e) The fees collected under this subdivision by the department must be allocated as
52.30 follows:

53.1 (1) of the fees collected under paragraph (a), clause (1):

53.2 (i) \$4.50 must be deposited in the vehicle services operating account; and

53.3 (ii) \$1.50 must be deposited:

53.4 (A) in the driver and vehicle services technology account until sufficient funds have
53.5 been deposited in that account to cover all costs of administration, development, and initial
53.6 full deployment of the driver and vehicle services information system; and

53.7 (B) after completion of the deposit of funds under subitem (A) in the vehicle services
53.8 operating account; and

53.9 (2) of the fees collected under paragraph (a), clause (2):

53.10 (i) \$3.50 must be deposited in the general fund;

53.11 (ii) \$5.00 must be deposited in the vehicle services operating account; and

53.12 (iii) \$1.50 must be deposited:

53.13 (A) in the driver and vehicle services technology account until sufficient funds have
53.14 been deposited in that account to cover all costs of administration, development, and initial
53.15 full deployment of the driver and vehicle services information system; and

53.16 (B) after completion of the deposit of funds under subitem (A) in the vehicle services
53.17 operating account.

53.18 Sec. 2. Minnesota Statutes 2016, section 168A.29, subdivision 1, is amended to read:

53.19 Subdivision 1. **Amounts.** (a) The department must be paid the following fees:

53.20 (1) for filing an application for and the issuance of an original certificate of title, the
53.21 sum of:

53.22 ~~(i) until December 31, 2016, \$6.25 of which \$3.25 must be paid into the vehicle services~~
53.23 ~~operating account of the special revenue fund under section 299A.705, and from July 1,~~
53.24 ~~2012, to June 30, 2016, a surcharge of \$1 must be added to the fee and credited to the driver~~
53.25 ~~and vehicle services technology account; and~~

53.26 ~~(ii) on and after January 1, 2017, \$8.25 of which \$4.15 must be paid into the vehicle~~
53.27 ~~services operating account;~~

53.28 (2) for each security interest when first noted upon a certificate of title, including the
53.29 concurrent notation of any assignment thereof and its subsequent release or satisfaction, the

54.1 sum of \$2, except that no fee is due for a security interest filed by a public authority under
54.2 section 168A.05, subdivision 8;

54.3 (3) ~~until December 31, 2016~~, for the transfer of the interest of an owner and the issuance
54.4 of a new certificate of title, the sum of \$5.50 of which \$2.50 must be paid into the vehicle
54.5 services operating account of the special revenue fund under section 299A.705, ~~and from~~
54.6 ~~July 1, 2012, to June 30, 2016, a surcharge of \$1 must be added to the fee and credited to~~
54.7 ~~the driver and vehicle services technology account;~~

54.8 (4) for each assignment of a security interest when first noted on a certificate of title,
54.9 unless noted concurrently with the security interest, the sum of \$1; and

54.10 (5) for issuing a duplicate certificate of title, the sum of \$7.25 of which \$3.25 must be
54.11 paid into the vehicle services operating account of the special revenue fund under section
54.12 299A.705; ~~from July 1, 2012, to June 30, 2016, a surcharge of \$1 must be added to the fee~~
54.13 ~~and credited to the driver and vehicle services technology account.~~

54.14 (b) In addition to the fee required under paragraph (a), clause (1), the department must
54.15 be paid \$3.50. The additional \$3.50 fee collected under this paragraph must be deposited
54.16 in the special revenue fund and credited to the public safety motor vehicle account established
54.17 in section 299A.70.

54.18 Sec. 3. Minnesota Statutes 2016, section 171.06, subdivision 2, is amended to read:

54.19 Subd. 2. **Fees.** (a) The fees for a license and Minnesota identification card are as follows:

54.20	Classified Driver's License	D-\$17.25	C-\$21.25	B-\$28.25	A-\$36.25
54.21	Classified Under-21 D.L.	D-\$17.25	C-\$21.25	B-\$28.25	A-\$16.25
54.22	Enhanced Driver's License	D-\$32.25	C-\$36.25	B-\$43.25	A-\$51.25
54.23	Instruction Permit				\$5.25
54.24	Enhanced Instruction				
54.25	Permit				\$20.25
54.26	Commercial Learner's				
54.27	Permit				\$2.50
54.28	Provisional License				\$8.25
54.29	Enhanced Provisional				
54.30	License				\$23.25
54.31	Duplicate License or				
54.32	duplicate identification card				\$6.75
54.33	Enhanced Duplicate				
54.34	License or enhanced				
54.35	duplicate identification card				\$21.75
54.36	Minnesota identification				
54.37	card or Under-21				\$11.25

55.1 Minnesota identification
55.2 card, other than duplicate,
55.3 except as otherwise
55.4 provided in section 171.07,
55.5 subdivisions 3 and 3a

55.6 Enhanced Minnesota
55.7 identification card \$26.25

55.8 ~~In addition to each fee required in this paragraph, the commissioner shall collect a surcharge~~
55.9 ~~of: (1) \$1.75 until June 30, 2012; and (2) \$1.00 from July 1, 2012, to June 30, 2016.~~

55.10 ~~Surcharges collected under this paragraph must be credited to the driver and vehicle services~~
55.11 ~~technology account in the special revenue fund under section 299A.705.~~

55.12 (b) Notwithstanding paragraph (a), an individual who holds a provisional license and
55.13 has a driving record free of (1) convictions for a violation of section 169A.20, 169A.33,
55.14 169A.35, or sections 169A.50 to 169A.53, (2) convictions for crash-related moving
55.15 violations, and (3) convictions for moving violations that are not crash related, shall have
55.16 a \$3.50 credit toward the fee for any classified under-21 driver's license. "Moving violation"
55.17 has the meaning given it in section 171.04, subdivision 1.

55.18 (c) In addition to the driver's license fee required under paragraph (a), the commissioner
55.19 shall collect an additional \$4 processing fee from each new applicant or individual renewing
55.20 a license with a school bus endorsement to cover the costs for processing an applicant's
55.21 initial and biennial physical examination certificate. The department shall not charge these
55.22 applicants any other fee to receive or renew the endorsement.

55.23 (d) In addition to the fee required under paragraph (a), a driver's license agent may charge
55.24 and retain a filing fee as provided under section 171.061, subdivision 4.

55.25 (e) In addition to the fee required under paragraph (a), the commissioner shall charge a
55.26 filing fee at the same amount as a driver's license agent under section 171.061, subdivision
55.27 4. Revenue collected under this paragraph must be deposited in the driver services operating
55.28 account.

55.29 (f) An application for a Minnesota identification card, instruction permit, provisional
55.30 license, or driver's license, including an application for renewal, must contain a provision
55.31 that allows the applicant to add to the fee under paragraph (a), a \$2 donation for the purposes
55.32 of public information and education on anatomical gifts under section 171.075.

55.33 Sec. 4. Minnesota Statutes 2016, section 299A.705, subdivision 3, is amended to read:

55.34 Subd. 3. **Driver and vehicle services technology account; technology surcharge.** (a)
55.35 The driver and vehicle services technology account is created in the special revenue fund;

56.1 ~~consisting.~~ The account consists of the: (1) a technology surcharge equaling \$1 collected
56.2 as specified in chapters for each vehicle registration renewal transaction under chapter 168;
56.3 168A, and 171; (2) the filing fee revenue collected and allocated under section 168.33,
56.4 subdivision 7; (3) a technology surcharge equaling \$1 for transactions under section 168A.29,
56.5 subdivision 1, paragraph (a), clauses (1), (3), and (5); (4) a technology surcharge equaling
56.6 \$1 for transactions under section 171.06, subdivision 2, paragraph (a); and (5) any other
56.7 money otherwise donated, allotted, appropriated, or legislated to this the account.

56.8 (b) Money in the account is annually appropriated to the commissioner of public safety
56.9 to support the research, development, deployment, and maintenance of a driver and vehicle
56.10 services information system.

56.11 ~~(e) Following completion of the deposit of filing fee revenue into the driver and vehicle~~
56.12 ~~services technology account as provided under section 168.33, subdivision 7, the~~
56.13 ~~commissioner shall submit a notification to the chairs and ranking minority members of the~~
56.14 ~~legislative committees with jurisdiction over transportation policy and finance concerning~~
56.15 ~~driver and vehicle services information system implementation, which must include~~
56.16 ~~information on (1) total revenue deposited in the driver and vehicle services technology~~
56.17 ~~account, with a breakdown by sources of funds; (2) total project costs incurred, with a~~
56.18 ~~breakdown by key project components; and (3) an estimate of ongoing system maintenance~~
56.19 ~~costs.~~

56.20 Sec. 5. **REPEALER.**

56.21 Minnesota Statutes 2016, section 168.013, subdivision 21, is repealed.

APPENDIX
Article locations in 17-2522

ARTICLE 1	TRANSPORTATION AND PUBLIC SAFETY APPROPRIATIONS .	Page.Ln 1.20
ARTICLE 2	TRANSPORTATION BONDS	Page.Ln 17.24
ARTICLE 3	MOTOR FUELS GROSS RECEIPTS TAX	Page.Ln 20.5
ARTICLE 4	METROPOLITAN AREA TRANSIT SALES AND USE TAX	Page.Ln 28.1
ARTICLE 5	TRANSPORTATION POLICY AND FINANCE	Page.Ln 32.15
ARTICLE 6	PUBLIC SAFETY POLICY AND FINANCE	Page.Ln 52.7

168.013 VEHICLE REGISTRATION TAXES.

Subd. 21. **Technology surcharge.** For every vehicle registration renewal required under this chapter, the commissioner shall collect a surcharge of: (1) \$1.75 until June 30, 2012; and (2) \$1 from July 1, 2012, to June 30, 2016. Surcharges collected under this subdivision must be credited to the driver and vehicle services technology account in the special revenue fund under section 299A.705.

169.826 GROSS WEIGHT SEASONAL INCREASES.

Subd. 7. **Expiration date.** Upon request of the permit applicant, the expiration date for a permit issued under this section must be the same as the expiration date of the permitted vehicle's registration.

169.8261 GROSS WEIGHT LIMITATIONS; FOREST PRODUCTS.

Subd. 3. **Expiration date.** Upon request of the permit applicant, the expiration date for a permit issued under this section must be the same as the expiration date of the permitted vehicle's registration.

169.86 SPECIAL PERMIT TO EXCEED HEIGHT, WIDTH, OR LOAD; FEES.

Subd. 5a. **Additional tax for excessive gross weight.** When a special permit is issued under this chapter, the commissioner shall collect in addition to the permit fee an additional tax for excessive gross weight, if the weight allowed under the permit is greater than the gross weight for which the vehicle is registered under section 168.013. The tax shall be calculated as the difference between the registration tax paid under section 168.013, subdivision 1e, and the additional tax that would be due under section 168.013, subdivision 1e, at the gross weight allowed under the permit, prorated by the number of days for which the permit is effective. Proceeds of the surcharge must be deposited in the state treasury and credited to the highway user tax distribution fund.

169.863 SPECIAL PULPWOOD VEHICLE PERMIT.

Subd. 3. **Expiration date.** Upon request of the permit applicant, the expiration date for a permit issued under this section must be the same as the expiration date of the permitted vehicle's registration.

169.865 SPECIAL FARM PRODUCTS PERMITS.

Subd. 5. **Expiration date.** Upon request of the permit applicant, the expiration date for a permit issued under this section must be the same as the expiration date of the permitted vehicle's registration.

169.866 SPECIAL CANOLA-HAULING VEHICLE PERMIT.

Subd. 4. **Expiration date.** Upon request of the permit applicant, the expiration date for a permit issued under this section must be the same as the expiration date of the permitted vehicle's registration.

473.4051 LIGHT RAIL TRANSIT CONSTRUCTION AND OPERATION.

Subd. 2. **Operating costs.** After operating revenue and federal money have been used to pay for light rail transit operations, 50 percent of the remaining operating costs must be paid by the state.

APPENDIX
Repealed Minnesota Session Laws: 17-2522

Laws 2012, chapter 287, article 1, section 1, subdivision 6

Section 1. TRUNK HIGHWAY
APPROPRIATIONS § 17,530,000

Subd. 6.Overweight Motor Vehicle Registration
Collection 30,000

To modify Department of Transportation permit system to allow the department to collect additional registration taxes for overweight motor vehicles.

This appropriation is only available if legislation is enacted in the 2012 legislative session authorizing the commissioner to collect a surcharge or additional registration tax on motor vehicles.