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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2302

05/04/2015 Authored by Knoblach

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

1.1	A bill for an act
1.2	relating to transportation; providing for transportation finance; making
1.3	appropriations; allocating certain sales tax revenue; establishing assistance to
1.4	certain cities; authorizing sale and issuance of state bonds; amending Minnesota
1.5	Statutes 2014, sections 161.088, by adding a subdivision; 297A.815, subdivision
1.6	3; 297A.94; proposing coding for new law in Minnesota Statutes, chapter 162.
1.7	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
1.8	ARTICLE 1
1.9	TRANSPORTATION APPROPRIATIONS

Section 1. DEPARTMENT OF TRANSPORTATION APPROPRIATIONS.

Subdivision 1. Trunk highway fund balance. (a) An amount equaling 90 percent of the unreserved portion of the trunk highway fund balance on June 30, 2016, is appropriated to the commissioner of transportation in fiscal year 2016 for the construction, maintenance, or rehabilitation, including pothole repair, of highways, roads, and bridges on the trunk highway system. This is a onetime appropriation and is available until expended.

- (b) An amount equaling 90 percent of the unreserved portion of the trunk highway fund balance on June 30, 2017, is appropriated to the commissioner of transportation in fiscal year 2017 for the construction, maintenance, or rehabilitation, including pothole repair, of highways, roads, and bridges on the trunk highway system. This is a onetime appropriation and is available until expended.
- (c) An amount equaling 90 percent of the unreserved portion of the trunk highway 1.21 fund balance on June 30, 2018, is appropriated to the commissioner of transportation in 1.22 fiscal year 2018 for the construction, maintenance, or rehabilitation, including pothole 1.23

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repair, of highways, roads, and bridges on the trunk highway system. This is a onetime appropriation and is available until expended.

(d) An amount equaling 90 percent of the unreserved portion of the trunk highway fund balance on June 30, 2019, is appropriated to the commissioner of transportation in fiscal year 2019 for the construction, maintenance, or rehabilitation, including pothole repair, of highways, roads, and bridges on the trunk highway system. This is a onetime appropriation and is available until expended.

Subd. 2. **Budget surplus; local roads.** \$200,000,000 in fiscal year 2016 is appropriated from the general fund to the commissioner of transportation for the local road improvement program under Minnesota Statutes, section 174.52, subdivisions 4 and 4a. This is a onetime appropriation and is available until expended.

Subd. 3. Corridors of commerce. The amount available in the corridors of commerce account under Minnesota Statutes, section 161.088, in fiscal year 2018 and fiscal year 2019 is appropriated from the account to the commissioner of transportation for the corridors of commerce program under that section.

Subd. 4. Small cities transportation aid. The amount available in the small cities transportation aid account under Minnesota Statutes, section 162.145, in fiscal year 2018 and fiscal year 2019 is appropriated from the account to the commissioner of transportation for assistance under that section.

Subd. 5. Department of Transportation efficiencies. (a) In fiscal years 2016 and 2017, the commissioner of transportation shall implement efficiencies identified by the Transportation Strategic Management and Operations Advisory Task Force report under Laws 2008, chapter 152, article 6, section 9, equal to 15 percent of the Department of Transportation's total appropriations for fiscal years 2014 and 2015.

(b) The efficiency savings amount identified in paragraph (a) is appropriated to the commissioner of transportation in fiscal years 2016 and 2017 for the construction, maintenance, or rehabilitation, including pothole repair, of highways, roads, and bridges on the trunk highway system. This is a onetime appropriation and is available until expended.

Sec. 2. <u>BASE APPROPRIATIONS ADJUSTMENT; DEPARTMENT OF</u> TRANSPORTATION.

Notwithstanding Laws 2013, chapter 117, article 1, sections 3 and 6, or any other law to the contrary, in fiscal year 2018 and thereafter each base appropriation from the

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_	ncreased by a corresponding amount for the following:
1	(1) freight budget activity;
	(2) agency management, agency services budget activity; and
	(3) agency management, buildings budget activity.
	(3) agency management, bundings budget activity.
	Sec. 3. BASE APPROPRIATIONS ADJUSTMENT; DEPARTMENT OF
I	PUBLIC SAFETY.
	Notwithstanding Laws 2013, chapter 117, article 1, section 5, and Laws 2014,
C	hapter 312, article 9, section 11, or any other law to the contrary, in fiscal year 2018 and
t	hereafter each base appropriation from the trunk highway fund is zero and the respective
b	ase appropriation from the general fund is increased by a corresponding amount for
ŧ.	he following:
	(1) administration and related services, communications budget activity;
	(2) administration and related services, public safety support budget activity;
	(3) administration and related services, technology and support services budget
	ctivity;
	(4) state patrol, patrolling highways budget activity;
	(5) state patrol, commercial vehicle enforcement budget activity;
	(6) driver services budget activity; and
	(7) traffic safety budget activity.
	ARTICLE 2
	TRANSPORTATION BONDING
	Section 1. BOND APPROPRIATIONS.
	The sums shown in the column under "Appropriations" are appropriated from
ť	the bond proceeds account in the trunk highway fund, or another named fund, to the
	tate agencies or officials indicated, to be spent for public purposes. Appropriations of
	ond proceeds must be spent as authorized by the Minnesota Constitution, article XI,
	ection 5, paragraph (a), to acquire and better public land and buildings and other public
	mprovements of a capital nature, or as authorized by the Minnesota Constitution, article
	XI, section 5, paragraphs (b) to (j), or article XIV. Unless otherwise specified, money
	ppropriated in this article for a capital program or project may be used to pay state agency
_	taff costs that are attributed directly to the capital program or project in accordance with
	ccounting policies adopted by the commissioner of management and budget.

appropriation, the commissioner may

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5.1	identify projects based on previous selection	etion		
5.2	processes under the program or may per	<u>form</u>		
5.3	a new selection, provided one of the sele	ected		
5.4	projects is the freight capacity improver	nent		
5.5	to signed Interstate Highway 94 from S	<u>t.</u>		
5.6	Michael to St. Cloud expanding the road	dway		
5.7	to three continuous lanes of travel in ea	<u>ch</u>		
5.8	direction.			
5.9	Subd. 3. Local Road Improvement Pr	ogram_		1,000,000,000
5.10	(a) This appropriation is from the bond			
5.11	proceeds account in the state transportat	ion		
5.12	fund for construction and reconstruction	<u>1</u>		
5.13	of local roads with statewide or regiona	<u>1</u>		
5.14	significance under Minnesota Statutes,			
5.15	section 174.52, subdivision 4, or for gran	nts to		
5.16	counties to assist in paying the costs of	rural		
5.17	road safety capital improvement project	s on		
5.18	county state-aid highways under Minnes	sota		
5.19	Statutes, section 174.52, subdivision 4a.			
5.20	(b) This appropriation is available in fis	<u>cal</u>		
5.21	years 2017 through 2025 in amounts of	•		
5.22	\$200,000,000 in each odd-numbered year	ar.		
5.23 5.24	Subd. 4. Local Bridge Replacement : Rehabilitation	and		250,000,000
				,,
5.25	(a) This appropriation is from the bond			
5.26	proceeds account in the state transportat			
5.27	fund to match federal money and to rep	lace		
5.28	or rehabilitate local deficient bridges as			
5.29	provided in Minnesota Statutes, section			
5.30	<u>174.50.</u>			
5.31	(b) This appropriation is available in fis	<u>cal</u>		
5.32	years 2017 through 2025, in amounts o	<u>f</u>		
5.33	\$50,000,000 in each odd-numbered year	<u>.</u> <u>-</u>		
5.34	Sec. 3. BOND SALE EXPENSES		<u>\$</u>	1,650,000

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6.1	This appropriation is to the commissioner

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- sale expenses under Minnesota Statutes,
- 6.4 sections 16A.641, subdivision 8, and 167.50,

of management and budget for bond

subdivision 4, and is effective through 2025.

Sec. 4. BOND SALE AUTHORIZATION.

Subdivision 1. Trunk highway fund. To provide the money appropriated in this article from the bond proceeds account in the trunk highway fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to \$400,400,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received from the sale of the bonds, must be deposited in the bond proceeds account in the trunk highway fund.

Subd. 2. State transportation fund. To provide the money appropriated in this article from the state transportation fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to \$1,251,250,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 5. EFFECTIVE DATE.

This article is effective July 1, 2015.

6.24 ARTICLE 3

SALES TAXES REALLOCATION

Section 1. Minnesota Statutes 2014, section 297A.815, subdivision 3, is amended to read:

Subd. 3. **Motor vehicle lease sales tax revenue.** (a) For purposes of this subdivision, "net revenue" means an amount equal to the revenues, including interest and penalties, eollected under this section, during the fiscal year; less \$32,000,000 in each fiscal year.

(b) On or before June 30 of each fiscal year, the commissioner of revenue shall estimate the amount of the net revenue, including interest and penalties, collected under this section for the current fiscal year.

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(e) (b) On or after July 1 of the subsequent fiscal year, the commissioner of management and budget shall transfer the net revenue as estimated in paragraph (b) (a) from the general fund, as follows:

- (1) \$9,000,000 annually until January 1, 2015, and 50 percent annually thereafter 31.5 percent to the county state-aid highway fund. Notwithstanding any other law to the contrary, the commissioner of transportation shall allocate the funds transferred under this clause to the counties in the metropolitan area, as defined in section 473.121, subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county shall receive of such amount the percentage that its population, as defined in section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the current calendar year, bears to the total population of the counties receiving funds under this clause; and
 - (2) the remainder 34.5 percent to the greater Minnesota transit account; and
 - (3) 34 percent to the highway user tax distribution fund.
- (c) The revenues deposited under this subdivision do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.
- 7.18 **EFFECTIVE DATE.** This section is effective for allocations made on or after
 7.19 July 1, 2017.
 - Sec. 2. Minnesota Statutes 2014, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES.

- (a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.
- (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:
- (1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and
- (2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.
- The commissioner of management and budget shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by

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the Department of Revenue to administer and enforce the assessment and collection of the taxes.

- (c) The commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:
- (1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and
 - (2) after the requirements of clause (1) have been met, the balance to the general fund.
- (d) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 1, in the state treasury and credit them to the general fund. Beginning in fiscal year 2018, by July 15 of each year, the commissioner shall transfer from the general fund to the highway user tax distribution fund an amount equal to the revenues collected under this paragraph for the previous calendar year.
- (e) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.
- (f) By July 15 of each year, the commissioner shall transfer from the general fund to the small cities transportation aid account under section 162.145 an amount equal to the estimated revenues, including interest and penalties, collected under the tax rate imposed under section 297A.62, subdivision 1, on the sale or purchase of rental motor vehicles subject to section 297A.64 during the previous calendar year. The commissioner shall estimate the amount of total sales tax revenues transferred under this paragraph based on the amount of revenue deposited in paragraph (d).
- (g) Beginning in fiscal year 2018, by July 15 of each year, the commissioner shall transfer from the general fund to the corridors of commerce account in the trunk highway fund an amount equal to the estimated revenues, including interest and penalties, collected in tax from the sale or purchase of motor vehicle repair and replacement parts. Beginning June 30, 2016, and by June 30 of every fourth year thereafter, the commissioner will estimate the percentage of total sales tax revenues collected in the previous calendar year that is attributable to sales and purchases of motor vehicle parts based on federal data and department consumption models. The amount of sales tax revenue to be transferred to the corridors of commerce account on each July 15 is equal to the most recently calculated percentage estimate under this paragraph multiplied by the total sales tax revenues

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collected in the previous calendar year. For purposes of this paragraph, "motor vehicle" has the meaning given in section 297B.01, subdivision 11, and "motor vehicle repair and replacement parts" includes:

- (1) all parts, tires, accessories, and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle maintenance or repair; and
- (2) paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor vehicle maintenance or repair.
- (e) (h) 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:
- (1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;
- (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;
- (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;
- (4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and
- (5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.
- (f) (i) The revenue dedicated under paragraph (e) (h) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (e) (h) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (e) (h) must be allocated for field operations.
- (g) (j) The revenues deposited under paragraphs (a) to (f) (i) do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

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

10.3 ARTICLE 4

0.4	TRANSPORTATION	FINANCE

subdivision to read:

Subd. 2a. Corridors of commerce account. A corridors of commerce account is

established in the trunk highway fund. The account consists of funds as provided under

Section 1. Minnesota Statutes 2014, section 161.088, is amended by adding a

to the account. Money in the account may only be expended on a trunk highway project

section 297A.94 and any other money donated, allotted, transferred, or otherwise provided

as provided under this section.

Sec. 2. [162.145] SMALL CITIES TRANSPORTATION AID.

10.13 <u>Subdivision 1.</u> **Definitions.** (a) For purposes of this section, the following terms
10.14 have the meanings given them.

- (b) "Adjusted road miles" means the lesser of:
- 10.16 (1) 30; or

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- 10.17 (2) the centerline miles of a city's municipal streets.
- (c) "Eligible city" means a statutory or home rule charter city that does not receive
 municipal state aid under sections 162.09 to 162.14 in the calendar year in which funds
 are distributed under this section.
- (d) "Minimum aid" means the lesser of:
- 10.22 <u>(1) \$2,500; or</u>
- 10.23 (2) the total amount available under this section in a fiscal year, multiplied by 0.000125.
- (e) "Per capita maximum" means 40 multiplied by the population of a city.
- (f) "Population" means the population estimated or established as of 30 days before
 the date of an allocation under subdivision 4 by the most recent date, based on the stated
 date of the count or estimate, of:
 - (1) the most recent federal census;
- 10.30 (2) a special census conducted under contract with the United States Bureau of the Census;
- 10.32 (3) a population estimate made by the Metropolitan Council under section 473.24; or
- 10.33 (4) a population estimate of the state demographer made under section 4A.02.

Article 4 Sec. 2.

11.1	Subd. 2. Small cities transportation aid account. A small cities transportation aid
11.2	account is created in the special revenue fund. The account consists of funds as provided
11.3	by law and any other money donated, allotted, transferred, or otherwise provided to the
11.4	account. Money in the account may only be expended as provided under this section.
11.5	Subd. 3. Administration. Subject to funds made available by law specifically
11.6	under this section, the commissioner shall allocate all funds in a fiscal year as provided
11.7	in subdivision 4 and shall make payments to cities in two installments on July 20 and
11.8	December 26.
11.9	Subd. 4. Distribution formula. (a) In each year funds are available under this
11.10	section, the commissioner shall allocate to each eligible city an amount that is equal to
11.11	the greater of:
11.12	(1) the minimum aid; or
11.13	(2) the lesser of:
11.14	(i) an aid factor, multiplied by the city's adjusted road miles; or
11.15	(ii) the per capita maximum.
11.16	(b) The commissioner shall set the aid factor, which must be the same for all eligible
11.17	cities, so that the total funds allocated under this subdivision equals the total amount
11.18	available for the fiscal year.
11.19	Subd. 5. Use of funds. (a) Funds distributed under this section are available only for
11.20	construction and maintenance of roads located within the city, including:
11.21	(1) land acquisition, environmental analysis, design, engineering, construction,
11.22	reconstruction, and maintenance;
11.23	(2) road projects partially located within the city;
11.24	(3) projects on county state-aid highways located within the city; and
11.25	(4) cost participation on road projects under the jurisdiction of another unit of
11.26	government.
11.27	(b) Funds distributed under this section are not subject to state-aid requirements
11.28	under this chapter, including but not limited to engineering standards adopted by the
11.29	commissioner in rules.

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

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Article 4 Sec. 2.

APPENDIX Article locations in 15-3849

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