

A bill for an act

relating to transportation finance; appropriating money for transportation activities; providing funding for highway maintenance, debt service, and local roads; appropriating funds for emergency relief related to the I-35W bridge collapse; establishing a trunk highway bridge improvement program; requiring a study of value capture to reduce the public costs of large transportation infrastructure investment; authorizing sale and issuance of bonds; modifying motor vehicle registration and motor fuel taxes; establishing annual adjustment of motor fuel taxes; creating a motor fuels tax credit; allocating motor vehicle lease tax revenues; providing for local transportation sales taxes; modifying county state-aid highway fund revenue allocation; prohibiting tolling or privatization of existing transportation facilities; establishing bridge improvement program; modifying driver's license reinstatement fee provisions; regulating certain transit funding activities; modifying provisions related to various transportation-related funds and accounts; amending Minnesota Statutes 2006, sections 160.84, subdivision 1; 161.081, subdivision 3; 162.06; 162.07, subdivision 1, by adding subdivisions; 168.013, subdivision 1a; 171.29, subdivision 2; 290.06, by adding a subdivision; 296A.07, subdivision 3; 296A.08, subdivision 2; 297A.64, subdivision 2; 297A.815, by adding a subdivision; 297A.99, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 160; 165; 296A; 297A; 398A.

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

ARTICLE 1

TRANSPORTATION APPROPRIATIONS

Section 1. SUMMARY OF APPROPRIATIONS.

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

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General Fund</u>	\$ <u>0</u>	\$ <u>4,275,000</u>	\$ <u>4,275,000</u>
<u>Trunk Highway</u>	<u>55,000,000</u>	<u>172,426,000</u>	<u>227,426,000</u>
<u>C.S.A.H.</u>	<u>0</u>	<u>54,836,000</u>	<u>54,836,000</u>

2.1	<u>M.S.A.S.</u>	<u>0</u>	<u>14,404,000</u>	<u>14,404,000</u>
2.2	<u>Total</u>	<u>\$ 55,000,000</u>	<u>\$ 245,941,000</u>	<u>\$ 300,941,000</u>

2.3 Sec. 2. TRANSPORTATION APPROPRIATIONS.

2.4 The sums shown in the columns marked "Appropriations" are appropriated to
2.5 the agencies and for the purposes specified in this article. The appropriations are from
2.6 the trunk highway fund, or another named fund, and are available for the fiscal years
2.7 indicated for each purpose. The figures "2008" and "2009" used in this article mean that
2.8 the appropriations listed under them are available for the fiscal year ending June 30, 2008,
2.9 or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is
2.10 fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for fiscal
2.11 year 2008 are effective the day following final enactment.

2.12 The appropriations are in addition to appropriations under Laws 2007, chapter 143,
2.13 article 1, section 3, and Laws 2007, First Special Session chapter 2, article 2, section 2.

2.14		<u>APPROPRIATIONS</u>
2.15		<u>Available for the Year</u>
2.16		<u>Ending June 30</u>
2.17		<u>2008 2009</u>

2.18 Sec. 3. TRANSPORTATION

2.19	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>0</u>	<u>\$ 163,463,000</u>
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2.20	<u>Appropriations by Fund</u>		
2.21		<u>2008</u>	<u>2009</u>
2.22	<u>General Fund</u>	<u>0</u>	<u>2,450,000</u>
2.23	<u>Trunk Highway</u>	<u>0</u>	<u>91,773,000</u>
2.24	<u>C.S.A.H.</u>	<u>0</u>	<u>54,836,000</u>
2.25	<u>M.S.A.S.</u>	<u>0</u>	<u>14,404,000</u>

2.26 The amounts that may be spent for each
2.27 purpose are specified in the following
2.28 subdivisions.

2.29 Subd. 2. Multimodal Systems

2.30	<u>(a) Transit</u>	<u>0</u>	<u>1,700,000</u>
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2.31 This appropriation is from the general fund.

2.32	<u>(b) Rail</u>	<u>0</u>	<u>250,000</u>
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3.1	<u>This appropriation is from the general</u>		
3.2	<u>fund for a grant to the Northstar Corridor</u>		
3.3	<u>Development Authority to fund advanced</u>		
3.4	<u>preliminary engineering, updated</u>		
3.5	<u>environmental documentation, property</u>		
3.6	<u>appraisals, and negotiations with the railroad</u>		
3.7	<u>to extend commuter rail service on the</u>		
3.8	<u>Burlington Northern Santa Fe rail line</u>		
3.9	<u>between Big Lake and Rice. This is a</u>		
3.10	<u>onetime appropriation and is available until</u>		
3.11	<u>spent.</u>		
3.12	<u>(c) Port Development Assistance</u>	<u>0</u>	<u>500,000</u>
3.13	<u>This appropriation is from the general fund</u>		
3.14	<u>for grants under Minnesota Statutes, chapter</u>		
3.15	<u>457A. Any improvements made with the</u>		
3.16	<u>proceeds of these grants must be publicly</u>		
3.17	<u>owned.</u>		
3.18	<u>Subd. 3. State Roads</u>		
3.19	<u>(a) Infrastructure Operations and Maintenance</u>	<u>0</u>	<u>46,399,000</u>
3.20	<u>(b) Infrastructure Investment Support</u>	<u>0</u>	<u>38,163,000</u>
3.21	<u>\$200,000 is for a grant to the Hubert H.</u>		
3.22	<u>Humphrey Institute of Public Affairs for its</u>		
3.23	<u>participation in the United States Department</u>		
3.24	<u>of Transportation Urban Partnership</u>		
3.25	<u>program.</u>		
3.26	<u>(c) Highway Debt Service</u>	<u>0</u>	<u>7,211,000</u>
3.27	<u>This appropriation is for transfer to the state</u>		
3.28	<u>bond fund. If this appropriation is insufficient</u>		
3.29	<u>to make all transfers required in the year for</u>		
3.30	<u>which it is made, the commissioner of finance</u>		
3.31	<u>shall notify the Committee on Finance of</u>		
3.32	<u>the senate and the Committee on Ways and</u>		
3.33	<u>Means of the house of representatives of</u>		
3.34	<u>the amount of the deficiency and shall then</u>		

4.1 transfer that amount under the statutory open
4.2 appropriation. Any excess appropriation
4.3 cancels to the trunk highway fund.

4.4 Subd. 4. Local Roads

4.5 (a) County State Aids 0 54,836,000

4.6 This appropriation is from the county
4.7 state-aid highway fund and is available until
4.8 spent.

4.9 (b) Municipal State Aids 0 14,404,000

4.10 This appropriation is from the municipal
4.11 state-aid street fund and is available until
4.12 spent.

4.13 (c) State-Aid Appropriation Adjustments

4.14 If an appropriation under this subdivision
4.15 does not exhaust the balance in the fund
4.16 from which it is made in the year for
4.17 which it is made, the commissioner of
4.18 finance, upon request of the commissioner
4.19 of transportation, shall notify the chairs and
4.20 ranking minority members of the house of
4.21 representatives and senate committees with
4.22 jurisdiction over transportation finance of the
4.23 amount of the remainder and shall then add
4.24 that amount to the appropriation. The amount
4.25 added is appropriated for the purposes of
4.26 county state aids or municipal state aids, as
4.27 appropriate.

4.28 If the appropriations under this subdivision
4.29 exhaust the balance in the fund from
4.30 which it is made in the year for which
4.31 it is made, the commissioner of finance
4.32 shall notify the chairs and ranking minority
4.33 members of the house of representatives
4.34 and senate committees with jurisdiction

6.1 Subd. 2. State Patrol

6.2 (a) Patrolling Highways 0 3,653,000

6.3 This appropriation is for the cost of adding
6.4 40 state patrol troopers, and reflects a portion
6.5 of the goal to raise the state patrol trooper
6.6 complement to 600.

6.7 (b) Capitol Security 0 1,500,000

6.8 This appropriation is from the general fund.

6.9 The commissioner may not spend any
6.10 money from the trunk highway fund for
6.11 capitol security and may not permanently
6.12 transfer any state trooper from the patrolling
6.13 highways activity to capitol security.

6.14 The commissioner may not transfer any
6.15 money (1) appropriated for Department of
6.16 Public Safety administration, the patrolling of
6.17 highways, commercial vehicle enforcement,
6.18 or driver and vehicle services to capitol
6.19 security or (2) from capitol security.

6.20 Sec. 5. APPROPRIATION; TRANSPORTATION EMERGENCY RELIEF.

6.21 \$55,000,000 in fiscal year 2008 and \$77,000,000 in fiscal year 2009 are appropriated
6.22 to the commissioner of transportation from the trunk highway fund for the purposes
6.23 specified in the federal grants and aids related to the I-35W bridge collapse on marked
6.24 Interstate Highway I-35W in Minneapolis. This appropriation is in addition to
6.25 appropriations under Laws 2007, chapter 143, article 1, section 3, and Laws 2007, First
6.26 Special Session chapter 2, article 2, section 2.

6.27 EFFECTIVE DATE. Appropriations for fiscal year 2008 are effective the day
6.28 following final enactment.

6.29 Sec. 6. VALUE CAPTURE STUDY; APPROPRIATION.

6.30 Subdivision 1. Findings. The legislature finds that large public investments in state
6.31 transportation infrastructure, such as constructing freeway interchanges, new highways,

and rail transit stations, can result in surrounding private land and other property increasing in value, sometimes by substantial amounts. The special assessment law, Minnesota Statutes, chapter 429, provides a method for local governments to use similar private or special benefits to help finance local streets, roads, and other transportation improvements. However, the law does not provide the state with a similar financing mechanism and the nature of a large state transportation project may suggest that alternative financing mechanisms are more appropriate.

Subd. 2. **Appropriation; study.** \$325,000 is appropriated from the general fund to the Board of Regents of the University of Minnesota for the Center for Transportation Studies to complete a study to assess the public policy implications of financing new and improved transportation infrastructure in Minnesota through capturing the value of the benefits created, to prepare a report on its findings, and to conduct a series of workshops. This is a onetime appropriation and is available in fiscal years 2008 and 2009.

Subd. 3. **Report; workshops.** The Center for Transportation Studies must report its preliminary findings to the legislature by March 1, 2009, and must issue its full report by July 1, 2009. The Center for Transportation must also offer a series of educational workshops for elected officials during the summer and fall of 2009.

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

ARTICLE 2

TRUNK HIGHWAY AND LOCAL ROAD AND BRIDGE BONDING

Section 1. [296A.083] ANNUAL DEBT SERVICE SURCHARGE.

(a) On June 30, 2008, and each March 1 thereafter, the commissioner of finance shall report to the commissioner of revenue the amount of the trunk highway debt service transfer forecast in the next two fiscal years attributable to the trunk highway bonds authorized in this article.

(b) By July 16, 2008, and each April 1 thereafter, the commissioner of revenue shall compute and publish a surcharge for each fuel tax provided for in sections 296A.07, subdivision 3, and 296A.08, subdivision 2, in proportion to the rate of tax for each type of fuel. The surcharge must be calculated to raise an amount of money which, when added to the balance in the trunk highway debt service account, covers the debt service transfer forecast in the next two fiscal years, except that the surcharge may not exceed 2.5 cents per gallon for gasoline taxed under section 296A.07, subdivision 3, clause (3), or a proportional rate for each other type of fuel. The surcharge must be rounded to the nearest

0.1 cent. The surcharge is effective on August 1, 2008, to June 30, 2009, and each new surcharge thereafter is effective the following July 1 to June 30.

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

Sec. 2. **BOND APPROPRIATIONS.**

The sums shown in the column under "APPROPRIATIONS" are appropriated from the bond proceeds account in the trunk highway fund, or another named fund, to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, articles IX and XIV.

SUMMARY

<u>Department of Transportation</u>	\$ <u>2,241,403,000</u>
<u>Metropolitan Council</u>	<u>400,000</u>
<u>Department of Administration</u>	<u>18,197,000</u>
<u>Department of Finance</u>	<u>2,260,000</u>
<u>TOTAL</u>	\$ <u>2,262,260,000</u>

APPROPRIATIONS

Sec. 3. **DEPARTMENT OF TRANSPORTATION**

Subdivision 1. Total Appropriation \$ 2,241,403,000

Appropriations by Fund

<u>Trunk Highway</u>	<u>2,181,403,000</u>
<u>State Transportation</u>	<u>60,000,000</u>

This appropriation is to the commissioner of transportation for the purposes specified in this section.

Subd. 2. State Road Construction 2,117,694,000

(a) For the actual construction, reconstruction, and improvement of trunk highways, including design-build contracts and consultant usage to support these activities. This includes the cost of actual payments to landowners for lands acquired for highway rights-of-way, payments to lessees, interest subsidies, and

9.1 relocation expenses. This appropriation is in
9.2 the following amounts:
9.3 (1) \$417,694,000 in fiscal year 2009;
9.4 (2) \$500,000,000 in fiscal year 2010; and
9.5 (3) \$150,000,000 in each fiscal year for fiscal
9.6 years 2011 through 2018.
9.7 (b) Of the amount in fiscal year 2009,
9.8 \$40,000,000 is for construction of
9.9 interchanges involving a trunk highway,
9.10 where the interchange will promote economic
9.11 development, increase employment, relieve
9.12 growing traffic congestion, and promote
9.13 traffic safety. The amount under this
9.14 paragraph must be allocated 50 percent to
9.15 the department's metropolitan district, and 50
9.16 percent to districts in greater Minnesota.
9.17 (c) Of the amount in fiscal years 2009
9.18 and 2010, the commissioner shall
9.19 use \$300,000,000 each year for predesign,
9.20 design, preliminary engineering, right-of-way
9.21 acquisition, construction, reconstruction,
9.22 and maintenance of bridges in the trunk
9.23 highway bridge improvement program under
9.24 Minnesota Statutes, section 165.14.
9.25 (d) Of the total appropriation under this
9.26 subdivision:
9.27 (1) the commissioner shall use at least
9.28 \$50,000,000 for accelerating transit facility
9.29 improvements on or adjacent to trunk
9.30 highways; and
9.31 (2) the commissioner may use up to
9.32 \$423,538,800 for program delivery.
9.33 Subd. 3. **Great River Road**

4,299,000

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10.1	<u>For predesign, design, construction, and</u>	
10.2	<u>restoration of historic roadside properties on</u>	
10.3	<u>the Great River Road. The commissioner</u>	
10.4	<u>shall consult with the Minnesota Mississippi</u>	
10.5	<u>River Parkway Commission to determine</u>	
10.6	<u>project priorities.</u>	
10.7	<u>Subd. 4. Urban Partnership Agreement</u>	<u>24,778,000</u>
10.8	<u>For design, conversion, and construction</u>	
10.9	<u>of (1) a high-occupancy toll lane along a</u>	
10.10	<u>portion of marked Interstate Highway I-35W</u>	
10.11	<u>in the counties of Dakota and Hennepin,</u>	
10.12	<u>(2) a priced dynamic shoulder lane along a</u>	
10.13	<u>portion of marked Interstate Highway I-35W</u>	
10.14	<u>in Minneapolis, (3) bus-only transit along a</u>	
10.15	<u>portion of marked Trunk Highway 77 in the</u>	
10.16	<u>counties of Dakota and Hennepin, and (4)</u>	
10.17	<u>related arterial traffic management projects.</u>	
10.18	<u>This appropriation is part of the local match</u>	
10.19	<u>of federal funding provided under the urban</u>	
10.20	<u>partnership agreement.</u>	
10.21	<u>Subd. 5. Mankato District Headquarters</u>	
10.22	<u>Building</u>	<u>23,983,000</u>
10.23	<u>For design, construction, furnishing,</u>	
10.24	<u>and equipping a new Department of</u>	
10.25	<u>Transportation district headquarters facility</u>	
10.26	<u>in Mankato.</u>	
10.27	<u>Subd. 6. Chaska Truck Station - Carver</u>	
10.28	<u>County Partnership</u>	<u>8,649,000</u>
10.29	<u>For design and construction of a new truck</u>	
10.30	<u>station facility in Chaska, in partnership with</u>	
10.31	<u>Carver County.</u>	
10.32	<u>Subd. 7. Rochester and Maple Grove Truck</u>	
10.33	<u>Stations Design</u>	<u>2,000,000</u>

11.1	<u>For design and investigative services of</u>	
11.2	<u>new truck station facilities in Rochester and</u>	
11.3	<u>Maple Grove.</u>	
11.4	<u>Subd. 8. Local Bridge Replacement and</u>	
11.5	<u>Rehabilitation</u>	<u>50,000,000</u>
11.6	<u>This appropriation is from the bond proceeds</u>	
11.7	<u>account in the state transportation fund as</u>	
11.8	<u>provided in Minnesota Statutes, section</u>	
11.9	<u>174.50, to match federal money and to</u>	
11.10	<u>replace or rehabilitate local deficient bridges.</u>	
11.11	<u>Political subdivisions may use grants made</u>	
11.12	<u>under this section to construct or reconstruct</u>	
11.13	<u>bridges, including:</u>	
11.14	<u>(1) matching federal aid grants to construct</u>	
11.15	<u>or reconstruct key bridges;</u>	
11.16	<u>(2) paying the costs of preliminary</u>	
11.17	<u>engineering and environmental studies</u>	
11.18	<u>authorized under Minnesota Statutes, section</u>	
11.19	<u>174.50, subdivision 6a;</u>	
11.20	<u>(3) paying the costs to abandon an existing</u>	
11.21	<u>bridge that is deficient and in need of</u>	
11.22	<u>replacement, but where no replacement will</u>	
11.23	<u>be made; and</u>	
11.24	<u>(4) paying the costs to construct a road</u>	
11.25	<u>or street to facilitate the abandonment</u>	
11.26	<u>of an existing bridge determined by</u>	
11.27	<u>the commissioner to be deficient, if the</u>	
11.28	<u>commissioner determines that construction</u>	
11.29	<u>of the road or street is more cost efficient</u>	
11.30	<u>than the replacement of the existing bridge.</u>	
11.31	<u>Subd. 9. Local Road Improvement Program</u>	<u>10,000,000</u>
11.32	<u>This appropriation is from the bond proceeds</u>	
11.33	<u>account in the state transportation fund as</u>	
11.34	<u>provided in Minnesota Statutes, section</u>	

12.1	<u>174.50, for grants to counties to assist in</u>		
12.2	<u>paying the costs of rural road safety capital</u>		
12.3	<u>improvement projects on county state-aid</u>		
12.4	<u>highways under Minnesota Statutes, section</u>		
12.5	<u>174.52, subdivision 4a.</u>		
12.6	Sec. 4. <u>METROPOLITAN COUNCIL</u>	\$	<u>400,000</u>
12.7	<u>Urban Partnership Agreement</u>		
12.8	<u>This appropriation is to the Metropolitan</u>		
12.9	<u>Council for land acquisition, design, and</u>		
12.10	<u>construction of park-and-ride facilities along</u>		
12.11	<u>marked Interstate Highway I-35W in the</u>		
12.12	<u>counties of Dakota and Hennepin. This</u>		
12.13	<u>appropriation is part of the local match of</u>		
12.14	<u>federal funding provided under the urban</u>		
12.15	<u>partnership agreement.</u>		
12.16	Sec. 5. <u>DEPARTMENT OF</u>		
12.17	<u>ADMINISTRATION</u>	\$	<u>18,197,000</u>
12.18	<u>Transportation Building Exterior Repair</u>		
12.19	<u>This appropriation is to the commissioner</u>		
12.20	<u>of administration for repair and renovation</u>		
12.21	<u>of the exterior of the Department of</u>		
12.22	<u>Transportation Building at 395 John Ireland</u>		
12.23	<u>Boulevard in St. Paul.</u>		
12.24	Sec. 6. <u>DEPARTMENT OF FINANCE</u>	\$	<u>2,260,000</u>
12.25	<u>Bond Sale Expenses</u>		
12.26	<u>This appropriation is to the commissioner</u>		
12.27	<u>of finance for bond sale expenses under</u>		
12.28	<u>Minnesota Statutes, sections 16A.641,</u>		
12.29	<u>subdivision 8, and 167.50, subdivision 4.</u>		
12.30	<u>Of this amount, \$60,000 is from the bond</u>		
12.31	<u>proceeds account in the state transportation</u>		
12.32	<u>fund.</u>		

Sec. 7. **BOND SALE AUTHORIZATION.**

Subdivision 1. Trunk highway fund bonds. To provide the money appropriated in this article from the bond proceeds account in the trunk highway fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$2,202,200,000 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 bonds. To provide the money appropriated in this article from the state transportation fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$60,060,000 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. 8. **EFFECTIVE DATE.**

Except where otherwise specified, this article is effective the day following final enactment.

ARTICLE 3
HIGHWAY USER TAXES

Section 1. Minnesota Statutes 2006, section 168.013, subdivision 1a, is amended to read:

Subd. 1a. **Passenger automobile; hearse.** (a) On passenger automobiles as defined in section 168.011, subdivision 7, and hearses, except as otherwise provided, the tax shall be \$10 plus an additional tax equal to 1.25 percent of the base value.

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

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

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

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

FROM	TO
\$ 0	\$ 199.99
200	399.99

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

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

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

(h) The annual additional tax must be computed upon a percentage of the base value as provided herein, follows: during the first and second years year of vehicle life shall be computed, upon 100 percent of the base value; for the second year, 90 percent of such value; for the third ~~and fourth years~~ year, 90 80 percent of such value; for the fourth year, 70 percent of such value; for the fifth ~~and sixth years~~ year, 75 60 percent of such value; for the sixth year, 50 percent of such value; for the seventh year, 60 40 percent of such value; for the eighth year, 40 30 percent of such value; for the ninth year, 30 20 percent of such value; for the tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of \$25.

(i) In no event shall the annual additional tax be less than \$25. ~~The total tax under this subdivision shall not exceed \$189 for the first renewal period and shall not exceed \$99 for subsequent renewal periods. The total tax under this subdivision on any vehicle filing its initial registration in Minnesota in the second year of vehicle life shall not exceed \$189 and shall not exceed \$99 for subsequent renewal periods. The total tax~~

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~~under this subdivision on any vehicle filing its initial registration in Minnesota in the third or subsequent year of vehicle life shall not exceed \$99 and shall not exceed \$99 in any subsequent renewal period.~~

~~(i) As used in this subdivision and section 168.017, the following terms have the meanings given: "initial registration" means the 12 consecutive months calendar period from the day of first registration of a vehicle in Minnesota; and "renewal periods" means the 12 consecutive calendar months periods following the initial registration period. For any vehicle previously registered in Minnesota, the annual additional tax due under this subdivision must not exceed the smallest amount of annual additional tax previously paid or due on the vehicle.~~

EFFECTIVE DATE. This section is effective the day following final enactment, and applies to (1) any initial registration for which the tax is first due on or after July 1, 2008, and (2) any renewal of registration on a vehicle assigned a registration period of July 1, 2008, through June 30, 2009, or later.

Sec. 2. Minnesota Statutes 2006, section 290.06, is amended by adding a subdivision to read:

Subd. 34. Lower income motor fuels tax credit. (a) An individual who has attained the age of 18 by the end of the taxable year and cannot be claimed as a dependent on another taxpayer's return may take a credit against the tax imposed under this chapter. For married couples filing joint returns, surviving spouses, single filers, and head of household filers, the credit amount is \$25. For married individuals filing separate returns, the credit amount is \$12.50. To qualify, the individual's taxable net income for the taxable year must not exceed the maximum amount for the individual's filing status, adjusted as provided in subdivision 2d, that is taxable at the lowest rate under subdivision 2c. For individuals with taxable net income that exceeds the amount of income taxable for the individual's filing status at the lowest rate under subdivision 2c, adjusted as provided in subdivision 2d, the credit amount is zero. For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under subdivision 2c, paragraph (e).

(b) If the amount of the credit which the individual is eligible to receive under this subdivision exceeds the individual's liability for tax under this chapter, the commissioner of revenue shall refund the excess.

(c) The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner.

16.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
16.2 December 31, 2008.

16.3 Sec. 3. Minnesota Statutes 2006, section 296A.07, subdivision 3, is amended to read:

16.4 Subd. 3. **Rate of tax.** The gasoline excise tax is imposed at the following rates:

16.5 (1) E85 is taxed at the rate of ~~14.2~~ 17.75 cents per gallon;

16.6 (2) M85 is taxed at the rate of ~~11.4~~ 14.25 cents per gallon; and

16.7 (3) all other gasoline is taxed at the rate of ~~20~~ 25 cents per gallon.

16.8 **EFFECTIVE DATE.** This section is effective September 15, 2008, and applies to
16.9 all gasoline, undyed diesel fuel, and special fuel in distributor storage on that date.

16.10 Sec. 4. **GASOLINE EXCISE TAX; TRANSITION PROVISION.**

16.11 Notwithstanding Minnesota Statutes, section 296A.07, subdivision 3, before
16.12 September 1, 2008, the gasoline excise tax is imposed at the following rates:

16.13 (1) E85 is taxed at the rate of 15.62 cents per gallon;

16.14 (2) M85 is taxed at the rate of 12.54 cents per gallon; and

16.15 (3) all other gasoline is taxed at the rate of 22 cents per gallon.

16.16 **EFFECTIVE DATE.** This section is effective on the first day of the month following
16.17 21 days after the date of enactment and applies to all gasoline, undyed diesel fuel, and
16.18 special fuel in distributor storage on that date. This section expires September 15, 2008.

16.19 Sec. 5. Minnesota Statutes 2006, section 296A.08, subdivision 2, is amended to read:

16.20 Subd. 2. **Rate of tax.** The special fuel excise tax is imposed at the following rates:

16.21 (a) Liquefied petroleum gas or propane is taxed at the rate of ~~15~~ 18.75 cents per
16.22 gallon.

16.23 (b) Liquefied natural gas is taxed at the rate of ~~12~~ 15 cents per gallon.

16.24 (c) Compressed natural gas is taxed at the rate of ~~\$1.739~~ \$2.174 per thousand cubic
16.25 feet; or ~~20~~ 25 cents per gasoline equivalent. For purposes of this paragraph, "gasoline
16.26 equivalent," as defined by the National Conference on Weights and Measures, which is
16.27 5.66 pounds of natural gas.

16.28 (d) All other special fuel is taxed at the same rate as the gasoline excise tax as
16.29 specified in section 296A.07, subdivision 2. The tax is payable in the form and manner
16.30 prescribed by the commissioner.

16.31 **EFFECTIVE DATE.** This section is effective September 15, 2008, and applies to
16.32 all gasoline, undyed diesel fuel, and special fuel in distributor storage on that date.

Sec. 6. **SPECIAL FUEL EXCISE TAX; TRANSITION PROVISION.**

Notwithstanding Minnesota Statutes, section 296A.08, subdivision 2, before September 1, 2008, the special fuel excise tax is imposed at the following rates:

(a) Liquefied petroleum gas or propane is taxed at the rate of 16.5 cents per gallon.

(b) Liquefied natural gas is taxed at the rate of 13.2 cents per gallon.

(c) Compressed natural gas is taxed at the rate of \$1.1913 per thousand cubic feet; or 22 cents per gasoline equivalent. For purposes of this paragraph, "gasoline equivalent," as defined by the National Conference on Weights and Measures, is 5.66 pounds of gas.

(d) All other special fuel is taxed at the same rate as the gasoline excise tax as specified in section 4. The tax is payable in the form and manner prescribed by the commissioner.

EFFECTIVE DATE. This section is effective on the first day of the month following 21 days after the date of enactment, and applies to all gasoline, undyed diesel fuel, and special fuel in distributor storage on that date. This section expires September 15, 2008.

Sec. 7. **[296A.085] ANNUAL ADJUSTMENT OF MOTOR FUEL TAXES.**

Subdivision 1. **Annual adjustment.** (a) On July 1 annually, the commissioner of revenue shall recompute and publish a new rate for each motor fuel tax provided for in sections 296A.07, subdivision 3, and 296A.08, subdivision 2. The new rate for each motor fuel tax must be calculated by multiplying the rate in effect at the time of the calculation by an adjustment amount obtained under paragraph (b). The new rate must be rounded to the nearest 0.1 cent and is effective on September 15 of each year.

(b) To determine the adjustment amount, divide the annual average United States Consumer Price Index for all urban consumers, United States city average, as determined by the United States Department of Labor for the previous calendar year by that annual average for the year before the previous calendar year.

Subd. 2. **Report.** On January 15, 2014, and every six years thereafter, the commissioner of transportation shall submit a report on motor fuels tax indexing to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over transportation finance. The report must include an analysis of revenues from the annual adjustment of the rate for each motor fuel tax under this section, and a recommendation for retaining, modifying, or eliminating the annual adjustment.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 8. Minnesota Statutes 2006, section 297A.64, subdivision 2, is amended to read:

Subd. 2. **Fee imposed.** A fee equal to ~~three~~ five percent of the sales price is imposed on leases or rentals of vehicles subject to the tax under subdivision 1. The lessor on the invoice to the customer may designate the fee as "a fee imposed by the State of Minnesota for the registration of rental cars."

Sec. 9. Minnesota Statutes 2006, section 297A.815, is amended by adding a subdivision to read:

Subd. 3. **Motor vehicle lease sales tax revenue.** (a) For purposes of this subdivision, "net revenue" means an amount equal to:

(1) the revenues, including interest and penalties, collected under section 297A.815, during the fiscal year; less

(2) the estimated reduction in individual income tax receipts and the estimated amount of refunds paid out under section 290.06, subdivision 34, for the fiscal year.

(b) The commissioner of revenue, at the request of the commissioner of finance, shall estimate the amount of the revenues and subtraction under paragraph (a) for a fiscal year. The commissioner may use these estimates in making the transfers required under this section.

(c) Each fiscal year, the commissioner of finance shall transfer the net revenue from the general fund, as follows:

(1) 50 percent to the greater Minnesota transit account;

(2) 25 percent to the metropolitan area transit account;

(3) 17.25 percent to the county state-aid highway fund; and

(4) 7.75 percent to the municipal state-aid street fund.

(d) For fiscal years 2010 and 2011, the amount under paragraph (a), clause (1), must be calculated using the following percentages of the total revenues:

(1) for fiscal year 2010, 83.75 percent; and

(2) for fiscal year 2011, 93.75 percent.

EFFECTIVE DATE. This section is effective July 1, 2009.

ARTICLE 4

LOCAL OPTION TAXES

Section 1. Minnesota Statutes 2006, section 297A.99, subdivision 1, is amended to read:

Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose a general sales tax under section 297A.992, under section 297A.993, if permitted by special law₂ or if the political subdivision enacted and imposed the tax before the effective date of section 477A.016 and its predecessor provision.

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

(1) enacted before June 2, 1997, or

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

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

Sec. 2. **[297A.992] METROPOLITAN TRANSPORTATION AREA SALES TAX.**

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

(1) "metropolitan transportation area" means the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington participating in the joint powers agreement under subdivision 3, and includes any eligible county that declares by resolution of its county board to be a part of the metropolitan transportation area;

(2) "eligible county" means a county that has not imposed a transportation sales and use tax under section 297A.993, and that is adjacent to any county that is part of the metropolitan transportation area;

(3) "committee" means the Grant Evaluation and Ranking System (GEARS) Committee;

(4) "minimum guarantee county" means any metropolitan county or eligible county that is participating in the joint powers agreement under subdivision 3, whose proportion of the annual sales tax revenue under this section collected within that county is less than or equal to three percent; and

(5) "population" means the population, as defined in section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the calendar year in which the representatives will serve on the Grant Evaluation and Ranking System Committee established under subdivision 5.

Subd. 2. **Authorization; rates.** (a) Notwithstanding section 297A.99, subdivisions 1, 2, and 3, or 477A.016, or any other law, the boards of the counties acting under a joint powers agreement as specified in this section may impose by resolution (1) a transportation sales and use tax within the metropolitan transportation area at a rate of one-half of one

percent on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle purchased or acquired from any person engaged in the business of selling motor vehicles at retail, occurring within the jurisdiction of the taxing authority. The taxes authorized are to fund transportation improvements as specified in this section, including debt service on obligations issued to finance such improvements pursuant to subdivision 7.

(b) After June 30, 2028, the amount of the sales and use tax under paragraph (a) is one-quarter of one percent.

(c) The tax imposed under this section is not included in determining if the total tax on lodging in the city of Minneapolis exceeds the maximum allowed tax under Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article 12, section 87, or in determining a tax that may be imposed under any other limitations.

Subd. 3. **Joint powers agreement.** Before imposing the taxes authorized in subdivision 2, each participating county in the metropolitan transportation area must enter into a joint powers agreement. The joint powers agreement:

(1) must form a joint powers board, as specified in subdivision 4;

(2) must provide a process that allows any eligible county, by resolution of its county board, to join the joint powers board and impose the taxes authorized in subdivision 2;

(3) may provide for withdrawal of a participating county before final termination of the agreement; and

(4) may provide for a weighted voting system for joint powers board decisions.

Subd. 4. **Joint powers board.** (a) The joint powers board must consist of one or more commissioners of each county that is in the metropolitan transportation area, appointed by its county board, and the chair of the Metropolitan Council, who must have voting rights, subject to subdivision 3, clause (4). The joint powers board has the powers and duties provided in this section and section 471.59.

(b) The joint powers board may utilize no more than three-fourths of one percent of the proceeds of the taxes imposed under this section for ordinary administrative expenses incurred in carrying out the provisions of this section. Any additional administrative expenses must be paid by the participating counties.

(c) The joint powers board may establish a technical advisory group that is separate from the GEARS Committee. The group must consist of representatives of cities, counties, or public agencies, including the Metropolitan Council. The technical advisory group must be used solely for technical consultation purposes.

Subd. 5. **Grant application and awards; Grant Evaluation and Ranking System (GEARS) Committee.** (a) The joint powers board shall establish a grant application process and identify the amount of available funding for grant awards. Grant applications

21.1 must be submitted in a form prescribed by the joint powers board. An applicant must
21.2 provide, in addition to all other information required by the joint powers board, the
21.3 estimated cost of the project, the amount of the grant sought, possible sources of funding
21.4 in addition to the grant sought, and identification of any federal funds that will be utilized
21.5 if the grant is awarded. A grant application seeking transit capital funding must identify
21.6 the source of money necessary to operate the transit improvement.

21.7 (b) The joint powers board shall establish a timeline and procedures for the award of
21.8 grants, and may award grants only to the state and political subdivisions. The board shall
21.9 define objective criteria for the award of grants, which must include, but not be limited to,
21.10 consistency with the most recent version of the transportation policy plan adopted by the
21.11 Metropolitan Council under section 473.146. The joint powers board shall maximize the
21.12 availability and use of federal funds in projects funded under this section.

21.13 (c) The joint powers board shall establish a GEARS Committee, which must consist
21.14 of:

21.15 (1) one county commissioner from each county that is in the metropolitan
21.16 transportation area, appointed by its county board;

21.17 (2) one elected city representative from each county that is in the metropolitan
21.18 transportation area;

21.19 (3) one additional elected city representative from each county for every additional
21.20 400,000 in population, or fraction of 400,000, in the county that is above 400,000 in
21.21 population; and

21.22 (4) the chair of the Metropolitan Council Transportation Committee.

21.23 (d) Each city representative must be elected at a meeting of cities in the metropolitan
21.24 transportation area, which must be convened for that purpose by the Association of
21.25 Metropolitan Municipalities.

21.26 (e) The committee shall evaluate grant applications following objective criteria
21.27 established by the joint powers board, and must provide to the joint powers board a
21.28 selection list of transportation projects that includes a priority ranking.

21.29 (f) A grant award for a transit project located within the metropolitan area, as defined
21.30 in section 473.121, subdivision 2, may be funded only after the Metropolitan Council
21.31 reviews the project for consistency with the transit portion of the Metropolitan Council
21.32 policy plan and one of the following occurs:

21.33 (1) the Metropolitan Council finds the project to be consistent;

21.34 (2) the Metropolitan Council initially finds the project to be inconsistent, but after a
21.35 good faith effort to resolve the inconsistency through negotiations with the joint powers
21.36 board, agrees that the grant award may be funded; or

22.1 (3) the Metropolitan Council finds the project to be inconsistent, and submits the
22.2 consistency issue for final determination to a panel, which determines the project to be
22.3 consistent. The panel is composed of a member appointed by the chair of the Metropolitan
22.4 Council, a member appointed by the joint powers board, and a member agreed upon by
22.5 both the chair and the joint powers board.

22.6 (g) Grants must be funded by the proceeds of the taxes imposed under this section,
22.7 bonds, notes, or other obligations issued by the joint powers board under subdivision 7.

22.8 (h) Notwithstanding the provisions of this subdivision, in fiscal year 2009, of the
22.9 initial revenue collected under this section, the joint powers board shall allocate at least
22.10 \$30,783,000 to the Metropolitan Council for operating assistance for transit.

22.11 Subd. 6. **Allocation of grant awards.** (a) The board must allocate grant awards
22.12 as follows:

22.13 (1) no less than 50 percent for transit, for the following purposes:

22.14 (i) capital improvements to transit ways, including, but not limited to, commuter
22.15 rail rolling stock, light rail vehicles, and transit way buses;

22.16 (ii) capital costs for park-and-ride facilities, as defined in section 174.256,
22.17 subdivision 2;

22.18 (iii) feasibility studies, planning, alternatives analyses, environmental studies,
22.19 engineering, property acquisition for transit way purposes, and construction of transit
22.20 ways; and

22.21 (iv) operating assistance for transit ways;

22.22 (2) no less than 25 percent for construction or reconstruction of trunk highways or
22.23 local roads of regional significance; and

22.24 (3) 25 percent for (i) any of the purposes specified in clauses (1) and (2), and
22.25 (ii) planning, studies, design, construction, maintenance, and operation of pedestrian
22.26 programs and bicycle programs and pathways.

22.27 (b) The joint powers board must annually award grants to each minimum guarantee
22.28 county in an amount no less than the amount of sales tax revenue collected within that
22.29 county.

22.30 (c) No more than 1.25 percent of the total awards may be annually allocated for the
22.31 purposes specified in paragraph (a), clause (3), item (ii).

22.32 Subd. 7. **Bonds.** (a) The joint powers board or any county, acting under a joint
22.33 powers agreement as specified in this section, may, by resolution, authorize, issue, and sell
22.34 its bonds, notes, or other obligations for the purpose of funding grants under subdivision
22.35 6. The joint powers board or county may also, by resolution, issue bonds to refund the
22.36 bonds issued pursuant to this subdivision.

(b) The bonds of the joint powers board must be limited obligations, payable solely from or secured by taxes levied under this section.

(c) The bonds of any county may be limited obligations, payable solely from or secured by taxes levied under this section. A county may also pledge its full faith, credit, and taxing power as additional security for the bonds.

(d) Bonds may be issued in one or more series and sold without an election. The bonds shall be secured, bear the interest rate or rates or a variable rate, have the rank or priority, be executed in the manner, be payable in the manner, mature, and be subject to the defaults, redemptions repurchases, tender options, or other terms, and shall be sold in such manner as the joint powers board, the regional railroad authority, or the county may determine.

(e) The joint powers board or any regional railroad authority or any county may enter into and perform all contracts deemed necessary or desirable by it to issue and secure the bonds, including an indenture of trust with a trustee within or without the state.

(f) Except as otherwise provided in this subdivision, the bonds must be issued and sold in the manner provided under chapter 475.

(g) The joint powers board or any regional railroad authority wholly within the metropolitan transportation area also may authorize, issue, and sell its bonds, notes, or other obligations for the purposes, and in accordance with the procedures, set forth in section 398A.07 to fund grants as provided in subdivision 6. The bonds of any regional railroad authority may be limited obligations, payable solely from or secured by taxes levied under this section. A regional railroad authority may also pledge its taxing powers as additional security for the bonds.

Subd. 8. Allocation of revenues. After the deductions allowed in section 297A.99, subdivision 11, the commissioner of revenue shall remit the proceeds of the taxes imposed under this section on a quarterly basis, as directed by the joint powers board under this section.

Subd. 9. Administration, collection, enforcement. Except as otherwise provided in this section, the provisions of section 297A.99, subdivisions 4 and 6 to 12a, govern the administration, collection, and enforcement of the tax authorized under this section.

Subd. 10. Report. The joint powers board shall report annually by February 1 to the house of representatives and senate committees having jurisdiction over transportation policy and finance concerning the revenues received and grants awarded.

Subd. 11. Grant awards to Metropolitan Council. Any grant award under this section made to the Metropolitan Council must supplement, and must not supplant, operating and capital assistance provided by the state.

EFFECTIVE DATE. This section is effective the day following final enactment, except that subdivision 2 is effective the first day of a calendar quarter beginning at least 90 days after the formation of the joint powers board under subdivision 4. This section expires October 2, 2008, if the sales and use tax under subdivision 2 has not been imposed.

Sec. 3. **[297A.993] GREATER MINNESOTA TRANSPORTATION SALES AND USE TAX.**

Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99, subdivisions 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county outside the metropolitan transportation area, as defined under section 297A.992, subdivision 1, or more than one county outside the metropolitan transportation area acting under a joint powers agreement, may impose (1) a transportation sales tax at a rate of one-half of one percent on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle purchased or acquired from any person engaged in the business of selling motor vehicles at retail, occurring within the jurisdiction of the taxing authority. The taxes imposed under this section are subject to approval by a majority of the voters of the county or counties at a general election who vote on the question to impose the taxes.

Subd. 2. **Allocation; termination.** The proceeds of the taxes must be dedicated exclusively to payment of the cost of a specific transportation project or improvement. The transportation project or improvement must be designated by the board of the county, or more than one county acting under a joint powers agreement. The taxes must terminate after the project or improvement has been completed.

Subd. 3. **Administration, collection, enforcement.** The administration, collection, and enforcement provisions in section 297A.99, subdivisions 4 and 6 to 12, apply to all taxes imposed under this section.

ARTICLE 5

COUNTY STATE-AID HIGHWAY FUND DISTRIBUTION

Section 1. Minnesota Statutes 2006, section 162.06, is amended to read:

162.06 ACCRUALS TO COUNTY STATE-AID HIGHWAY FUND; ACCOUNTS.

Subdivision 1. **Estimate.** (a) By December 15 of each year the commissioner shall estimate the amount of money that will be available to the county state-aid highway fund during that fiscal year. The amount available must be based on actual receipts from July 1 through November 30, the unallocated fund balance, and the projected receipts for the remainder of the fiscal year. The ~~total~~ amount available, except for deductions as

provided ~~herein~~ in this section, shall be apportioned by the commissioner to the counties as ~~hereinafter~~ provided in section 162.07.

(b) For purposes of this section, "amount available" means the amount estimated in paragraph (a).

Subd. 2. **Administrative costs of department.** Two percent must be deducted from the ~~total~~ amount available ~~in the county state-aid highway fund~~, set aside in a separate account, and used for administrative costs incurred by the state Transportation Department in carrying out the provisions relating to the county state-aid highway system.

Subd. 3. **Disaster account.** (a) After deducting administrative costs as provided in subdivision 2, the commissioner shall set aside each year ~~a sum of money equal to one percent of the remaining money in the county state-aid highway fund~~ amount available to provide for a disaster account; provided that the total amount of money in the disaster account must never exceed two percent of the total sums to be apportioned to the counties. ~~This sum~~ The money must be used to provide aid to any county encountering disasters or unforeseen events affecting its county state-aid highway system, and resulting in an undue and burdensome financial hardship.

(b) Any county desiring aid by reason of disaster or unforeseen event shall request the aid in the form required by the commissioner. Upon receipt of the request, the commissioner shall appoint a board consisting of two representatives of the counties, who must be either a county engineer or member of a county board, from counties other than the requesting county, and a representative of the commissioner. The board shall investigate the matter and report its findings and recommendations in writing to the commissioner.

(c) Final determination of the amount of aid, if any, to be paid to the county from the disaster account must be made by the commissioner. Upon determining to aid a requesting county, the commissioner shall certify to the commissioner of finance the amount of the aid, and the commissioner of finance shall then issue a warrant in that amount payable to the county treasurer of the county. Money so paid must be expended on the county state-aid highway system in accordance with the rules of the commissioner.

Subd. 4. **Research account.** (a) Each year the screening board, provided for in section 162.07, subdivision 5, may recommend to the commissioner a sum of money that the commissioner shall set aside from the ~~county state-aid highway fund~~ amount available and credit to a research account. The amount so recommended and set aside shall not exceed one-half of one percent of the preceding year's ~~apportionment sum~~ distribution amount, as defined in section 162.07, subdivision 1a.

(b) Any money so set aside shall be used by the commissioner for the purpose of:

(1) conducting research for improving the design, construction, maintenance and environmental compatibility of state-aid highways and appurtenances;

(2) constructing research elements and reconstructing or replacing research elements that fail; and

(3) conducting programs for implementing and monitoring research results.

(c) Any balance remaining in the research account at the end of each year from the sum set aside for the year immediately previous, shall be transferred to the county state-aid highway fund.

Subd. 5. **State park road account.** After deducting for administrative costs and for the disaster account and research account ~~as heretofore provided from the remainder of the total sum provided for in subdivision 1, there shall be deducted~~ from the amount available as provided in this section, the commissioner shall deduct a sum equal to the three-quarters of one percent of the remainder. The sum so deducted shall be set aside in a separate account and shall be used for (1) the establishment, location, relocation, construction, reconstruction, and improvement of those roads included in the county state-aid highway system under Minnesota Statutes 1961, section 162.02, subdivision 6, which border and provide substantial access to an outdoor recreation unit as defined in section 86A.04 or which provide access to the headquarters of or the principal parking lot located within such a unit, and (2) the reconstruction, improvement, repair, and maintenance of county roads, city streets, and town roads that provide access to public lakes, rivers, state parks, and state campgrounds. Roads described in clause (2) are not required to meet county state-aid highway standards. At the request of the commissioner of natural resources the counties wherein such roads are located shall do such work as requested in the same manner as on any county state-aid highway and shall be reimbursed for such construction, reconstruction, or improvements from the amount set aside by this subdivision. Before requesting a county to do work on a county state-aid highway as provided in this subdivision, the commissioner of natural resources must obtain approval for the project from the County State-Aid Screening Board. The screening board, before giving its approval, must obtain a written comment on the project from the county engineer of the county requested to undertake the project. Before requesting a county to do work on a county road, city street, or a town road that provides access to a public lake, a river, a state park, or a state campground, the commissioner of natural resources shall obtain a written comment on the project from the county engineer of the county requested to undertake the project. Any sums paid to counties or cities in accordance with this subdivision shall reduce the money needs of said counties or cities in the amounts necessary to equalize their status with those counties or cities not receiving

such payments. Any balance of the amount so set aside, at the end of each year shall be transferred to the county state-aid highway fund.

Subd. 6. **County state-aid highway revolving loan account.** A county state-aid highway revolving loan account is created in the transportation revolving loan fund. The commissioner may transfer to the account the amount allocated under section 162.065. Money in the account may be used to make loans. Funds in the county state-aid highway revolving loan account may be used only for aid in the construction, improvement, and maintenance of county state-aid highways. Funds in the account may not be used for any toll facilities project or congestion-pricing project. Repayments and interest from loans from the county state-aid highway revolving loan account must be credited to that account. Money in the account is annually appropriated to the commissioner and does not lapse. Interest earned from investment of money in this account must be deposited in the county state-aid highway revolving loan account.

Sec. 2. Minnesota Statutes 2006, section 162.07, subdivision 1, is amended to read:

Subdivision 1. ~~**Formula Apportionment sum.** After deducting for administrative costs and for the disaster account and research account and state park roads as heretofore provided, the remainder of the total sum provided for in section 162.06, subdivision 1, shall be identified as the apportionment sum and shall be apportioned by the commissioner to the several counties on the basis of the needs of the counties as determined in accordance with the following formula:~~

(a) The commissioner shall apportion the apportionment sum, as calculated in subdivision 1a, to the several counties as provided in paragraphs (b) to (e).

~~(a)~~ (b) An amount equal to ten percent of the apportionment sum shall be apportioned equally among the 87 counties.

~~(b)~~ (c) An amount equal to ten percent of the apportionment sum shall be apportioned among the several counties so that each county shall receive of such amount the percentage that its motor vehicle registration for the calendar year preceding the one last past, determined by residence of registrants, bears to the total statewide motor vehicle registration.

~~(c)~~ (d) An amount equal to 30 percent of the apportionment sum shall be apportioned among the several counties so that each county shall receive of such amount the percentage that its total lane-miles of approved county state-aid highways bears to the total lane-miles of approved statewide county state-aid highways. In 1997 and subsequent years no county may receive, as a result of an apportionment under this clause based on lane-miles rather

than miles of approved county state-aid highways, an apportionment that is less than its apportionment in 1996.

~~(d)~~ (e) An amount equal to 50 percent of the apportionment sum shall be apportioned among the several counties so that each county shall receive of such amount the percentage that its money needs bears to the sum of the money needs of all of the individual counties; provided, that the percentage of such amount that each county is to receive shall be adjusted so that each county shall receive in 1958 a total apportionment at least ten percent greater than its total 1956 apportionments from the state road and bridge fund; and provided further that those counties whose money needs are thus adjusted shall never receive a percentage of the apportionment sum less than the percentage that such county received in 1958.

Sec. 3. Minnesota Statutes 2006, section 162.07, is amended by adding a subdivision to read:

Subd. 1a. **Apportionment sum and excess sum.** (a) For purposes of this subdivision, "distribution amount" means the amount identified in section 162.06, subdivision 1, after the deductions provided for in section 162.06 for administrative costs, disaster account, research account, and state park road account.

(b) The apportionment sum is calculated by subtracting the excess sum, as calculated in paragraph (c), from the distribution amount.

(c) The excess sum is calculated as the sum of revenue within the distribution amount:

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

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

(3) attributed to that portion of the motor vehicle sales tax revenue in excess of the percentage allocated to the county state-aid highway fund in fiscal year 2007.

(d) For purposes of this subdivision, the United States Consumer Price Index identified in paragraph (c) is for all urban consumers, United States city average, as determined by the United States Department of Labor.

Sec. 4. Minnesota Statutes 2006, section 162.07, is amended by adding a subdivision to read:

Subd. 1c. **Excess sum.** (a) The commissioner shall apportion the excess sum, as calculated in subdivision 1a, to the several counties as provided in paragraphs (b) and (c).

(b) An amount equal to 40 percent must be apportioned among the several counties so that each county receives of that amount the percentage that its motor vehicle registration for the calendar year preceding the one last past, determined by residence of registrants, bears to the total statewide motor vehicle registration.

(c) An amount equal to 60 percent must be apportioned among the several counties so that each county receives of that amount the percentage that its money needs bears to the sum of the money needs of all of the individual counties.

Sec. 5. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes 2006, section 162.07, subdivision 1, as subdivision 1b.

ARTICLE 6

OTHER TRANSPORTATION FINANCE

Section 1. Minnesota Statutes 2006, section 160.84, subdivision 1, is amended to read:

Subdivision 1. **Scope.** The terms used in sections 160.84 to ~~160.92~~ 160.98 have the meanings given them in this section and section 160.02.

Sec. 2. **[160.845] RESTRICTIONS ON TOLL FACILITY.**

A road authority, including the governing body of a city, or a private operator may not convert, transfer, or utilize any portion of a highway to impose tolls or for use as a toll facility. A road authority, including the governing body of a city, or a private operator may not limit operation of a commercial motor vehicle, as defined in section 169.01, subdivision 75, to a toll facility or otherwise require that a commercial motor vehicle use the tolled portion of a highway.

(b) This section does not apply to (1) any toll facility or high-occupancy vehicle lane constructed, converted, or established before September 1, 2007, (2) any additional lane, including a priced dynamic shoulder lane, high-occupancy vehicle lane, or high-occupancy

30.1 toll lane, added to a highway after September 1, 2007, and (3) any other general purpose
30.2 lane that adds capacity.

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

30.4 Sec. 3. **[160.98] PROHIBITION ON ROAD AND BRIDGE PRIVATIZATION.**

30.5 A road authority may not sell, lease, execute a development agreement for a BOT
30.6 facility or BTO facility that transfers an existing highway lane, or otherwise relinquish
30.7 management of a highway, if the highway is retained or utilized by the buyer, lessor, or
30.8 operator for highway purposes. Nothing in this section prevents sale, reconveyance, or
30.9 easements under sections 160.274, 161.23, 161.41, 161.411, 161.431, 161.44, 161.442, or
30.10 any other similar provision.

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

30.12 Sec. 4. Minnesota Statutes 2006, section 161.081, subdivision 3, is amended to read:

30.13 Subd. 3. **Flexible highway account; turnback accounts.** (a) The flexible highway
30.14 account is created in the state treasury. Money in the account may be used ~~either for the:~~

30.15 (1) restoration of former trunk highways that have reverted to counties or to
30.16 statutory or home rule charter cities ~~or for regular trunk highway purposes, or for trunk~~
30.17 highways that will be restored and subsequently turned back by agreement between the
30.18 commissioner and the local road authority;

30.19 (2) safety improvements on county highways, municipal highways, streets, or town
30.20 roads; and

30.21 (3) routes of regional significance.

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

30.26 (c) The commissioner shall review the need for funds to restore highways that
30.27 have been or will be turned back ~~and the need for funds for the trunk highway system.~~
30.28 The commissioner shall determine, on a biennial basis, the percentage of ~~this funds in~~
30.29 the flexible highway account to be distributed to each district, and within each district the
30.30 percentage to be used for ~~county turnbacks, for municipal turnbacks, and for regular~~
30.31 trunk highway projects each of the purposes specified in paragraph (a). Money in the
30.32 account may be used for safety improvements and routes of regional significance only
30.33 after money is set aside to restore the identified turnbacks. The commissioner shall make

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~~this determination~~ these determinations only after meeting and holding discussions with committees selected by the statewide associations of both county commissioners and municipal officials. The commissioner shall, to the extent feasible, annually allocate 50 percent of the funds in the flexible highway account to the department's metropolitan district, and 50 percent to districts in greater Minnesota.

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

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

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

(g) Money that will be used for routes of regional significance must be deposited in the routes of regional significance account, which is created in the state treasury, and used as grants to statutory or home rule charter cities, towns, and counties to assist in paying the costs of constructing or reconstructing city streets, county highways, or town roads with statewide or regional significance that have not been fully funded through other state, federal, or local funding sources.

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

~~(g) Money apportioned from the flexible highway account to the trunk highway fund must be used for state road construction and engineering costs.~~

EFFECTIVE DATE. Paragraph (h) is effective January 1, 2009, and the remainder of this section is effective July 1, 2009.

Sec. 5. [165.14] TRUNK HIGHWAY BRIDGE IMPROVEMENT PROGRAM.

Subdivision 1. Definition. For purposes of this section, "program" means the trunk highway bridge improvement program established under this section.

32.1 Subd. 2. **Program created.** The commissioner shall develop a trunk highway bridge
32.2 improvement program for accelerating repair and replacement of trunk highway bridges
32.3 throughout the state. The program receives funding for bridge projects as specified by law.

32.4 Subd. 3. **Program requirements.** (a) The commissioner shall develop an inventory
32.5 of bridges included in the program. The inventory must include all bridges on the trunk
32.6 highway system in Minnesota that are classified as fracture-critical or structurally deficient,
32.7 or constitute a priority project, as identified by the commissioner. In determining whether
32.8 a bridge is a priority project, the commissioner may consider national bridge inventory
32.9 (NBI) condition codes, bridge classification as functionally obsolete, the year in which
32.10 the bridge was built, the history of bridge maintenance and inspection report findings, the
32.11 average daily traffic count, engineering judgments with respect to the safety or condition
32.12 of the bridge, and any other factors specifically identified by the commissioner.

32.13 (b) For each bridge included in the inventory, the commissioner must provide the
32.14 following information: a summary of the bridge, including but not limited to, county
32.15 and department district, route number, feature crossed, the year in which the bridge was
32.16 built, average daily traffic count, load rating, bridge length and deck area, and main span
32.17 type; the condition ratings for the deck, superstructure, and substructure; identification of
32.18 whether the bridge is structurally deficient, functionally obsolete, or fracture-critical; the
32.19 sufficiency rating; a brief description of the work planned for the bridge, including work
32.20 type needed; an estimate of total costs related to the bridge, which may include general
32.21 and planning cost estimates; and, the year or range of years in which the work is planned.

32.22 Subd. 4. **Prioritization of bridge projects.** (a) The commissioner shall classify all
32.23 bridges in the program into tier 1, 2, or 3 bridges, where tier 1 is the highest tier. Unless
32.24 the commissioner identifies a reason for proceeding otherwise, before commencing bridge
32.25 projects in a lower tier, all bridge projects within a higher tier must to the extent feasible
32.26 be selected and funded in the approved state transportation improvement program, at
32.27 any stage in the project development process, solicited for bids, in contract negotiation,
32.28 under construction, or completed.

32.29 (b) The classification of each tier is as follows:

32.30 (1) tier 1 consists of any bridge in the program that (i) has an average daily traffic
32.31 count that is above 1,000 and has a sufficiency rating that is at or below 50, or (ii) is
32.32 identified by the commissioner as a priority project;

32.33 (2) tier 2 consists of any bridge that is not a tier 1 bridge, and (i) is classified as
32.34 fracture-critical, or (ii) has a sufficiency rating that is at or below 80; and

32.35 (3) tier 3 consists of any other bridge in the program that is not a tier 1 or tier 2 bridge.

(c) By June 30, 2018, all tier 1 and tier 2 bridges originally included in the program must be under contract for repair or replacement with a new bridge that contains a load-path-redundant design, except that a specific bridge may remain in continued service if the reasons are documented in the report required under subdivision 5.

(d) The commissioner shall establish criteria for determining the priority of bridge projects within each tier, and must include safety considerations as a criterion.

Subd. 5. **Statewide transportation planning report.** In conjunction with each update to the Minnesota statewide transportation plan, or at least every six years, the commissioner shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over transportation finance. The report must include:

(1) an explanation of the criteria and decision-making processes used to prioritize bridge projects;

(2) a historical and projected analysis of the extent to which all trunk highway bridges meet bridge performance targets;

(3) a summary of bridge projects (i) completed in the previous six years or since the last update to the Minnesota statewide transportation plan, and (ii) currently in progress under the program;

(4) a summary of bridge projects scheduled in the next four fiscal years and included in the state transportation improvement program;

(5) a projection of annual needs over the next 20 years;

(6) a calculation funding necessary to meet the completion date under subdivision 4, paragraph (c), compared to the total amount of bridge-related funding available; and

(8) for any tier 1 fracture-critical bridge that is repaired but not replaced, an explanation of the reasons for repair instead of replacement.

Subd. 6. **Annual report.** Annually by January 15, the commissioner shall submit a report on the program to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over transportation finance. The report must include the inventory information required under subdivision 3, and an analysis, including any recommendations for changes, of the adequacy and efficacy of (1) the program requirements under subdivision 3, and (2) the prioritization requirements under subdivision 4.

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

Sec. 6. Minnesota Statutes 2006, section 171.29, subdivision 2, is amended to read:

Subd. 2. **Reinstatement fees and surcharges allocated and appropriated.** (a)

An individual whose driver's license has been revoked as provided in subdivision 1, except under section 169A.52, 169A.54, or 609.21, must pay a \$30 fee before the driver's license is reinstated.

(b) A person whose driver's license has been revoked as provided in subdivision 1 under section 169A.52, 169A.54, or 609.21, must pay a \$250 fee plus a ~~\$40~~ \$430 surcharge before the driver's license is reinstated, except as provided in paragraph (f). ~~Beginning July 1, 2002, the surcharge is \$145. Beginning July 1, 2003, the surcharge is \$430.~~ The \$250 fee is to be credited as follows:

(1) Twenty percent must be credited to the driver services operating account in the special revenue fund as specified in section 299A.705.

(2) Sixty-seven percent must be credited to the general fund.

(3) Eight percent must be credited to a separate account to be known as the Bureau of Criminal Apprehension account. Money in this account may be appropriated to the commissioner of public safety and the appropriated amount must be apportioned 80 percent for laboratory costs and 20 percent for carrying out the provisions of section 299C.065.

(4) Five percent must be credited to a separate account to be known as the vehicle forfeiture account, which is created in the special revenue fund. The money in the account is annually appropriated to the commissioner for costs of handling vehicle forfeitures.

(c) The revenue from \$50 of ~~each~~ the surcharge must be credited to a separate account to be known as the traumatic brain injury and spinal cord injury account. The revenue from \$50 of the surcharge on a reinstatement under paragraph (f) is credited from the first installment payment to the traumatic brain injury and spinal cord injury account.

The money in the account is annually appropriated to the commissioner of health to be used as follows: 83 percent for contracts with a qualified community-based organization to provide information, resources, and support to assist persons with traumatic brain injury and their families to access services, and 17 percent to maintain the traumatic brain injury and spinal cord injury registry created in section 144.662. For the purposes of this paragraph, a "qualified community-based organization" is a private, not-for-profit organization of consumers of traumatic brain injury services and their family members. The organization must be registered with the United States Internal Revenue Service under section 501(c)(3) as a tax-exempt organization and must have as its purposes:

(1) the promotion of public, family, survivor, and professional awareness of the incidence and consequences of traumatic brain injury;

(2) the provision of a network of support for persons with traumatic brain injury, their families, and friends;

(3) the development and support of programs and services to prevent traumatic brain injury;

(4) the establishment of education programs for persons with traumatic brain injury; and

(5) the empowerment of persons with traumatic brain injury through participation in its governance.

A patient's name, identifying information, or identifiable medical data must not be disclosed to the organization without the informed voluntary written consent of the patient or patient's guardian or, if the patient is a minor, of the parent or guardian of the patient.

(d) The remainder of the surcharge must be credited to a separate account to be known as the remote electronic alcohol-monitoring program account. The commissioner shall transfer the balance of this account to the commissioner of finance on a monthly basis for deposit in the general fund.

(e) When these fees are collected by a licensing agent, appointed under section 171.061, a handling charge is imposed in the amount specified under section 171.061, subdivision 4. The reinstatement fees and surcharge must be deposited in an approved depository as directed under section 171.061, subdivision 4.

(f) A person whose driver's license has been revoked as provided in subdivision 1 under section 169A.52 or 169A.54 and who the court certifies as being financially eligible for a public defender under section 611.17, may choose to pay 50 percent and an additional \$25 of the total amount of the surcharge and 50 percent of the fee required under paragraph (b) to reinstate the person's driver's license, provided the person meets all other requirements of reinstatement. If a person chooses to pay 50 percent of the total and an additional \$25, the driver's license must expire after two years. The person must pay an additional 50 percent less \$25 of the total to extend the license for an additional two years, provided the person is otherwise still eligible for the license. After this final payment of the surcharge and fee, the license may be renewed on a standard schedule, as provided under section 171.27. A handling charge may be imposed for each installment payment. Revenue from the handling charge is credited to the driver services operating account in the special revenue fund and is appropriated to the commissioner.

(g) Any person making installment payments under paragraph (f), whose driver's license subsequently expires, or is canceled, revoked, or suspended before payment of 100 percent of the surcharge and fee, must pay the outstanding balance due for the initial reinstatement before the driver's license is subsequently reinstated. Upon payment of the outstanding balance due for the initial reinstatement, the person may pay any new

36.1 surcharge and fee imposed under paragraph (b) in installment payments as provided
36.2 under paragraph (f).

36.3 **EFFECTIVE DATE.** This section is effective July 1, 2009.

36.4 Sec. 7. **[398A.10] TRANSIT FUNDING.**

36.5 Subdivision 1. **Capital costs.** A county regional railroad authority may not
36.6 contribute more than ten percent of the capital costs of a light rail transit or commuter
36.7 rail project.

36.8 Subd. 2. **Operating and maintenance costs.** A county regional railroad authority
36.9 may not contribute any funds to pay the operating and maintenance costs for a light rail
36.10 transit or commuter rail project. If a county regional railroad authority is contributing
36.11 funds for operating and maintenance costs on a light rail transit or commuter rail project
36.12 on the date of the enactment of this act, the authority may continue to contribute funds
36.13 for these purposes until January 1, 2009.

36.14 **EFFECTIVE DATE.** This section is effective the day after the metropolitan
36.15 transportation area sales tax is imposed under Minnesota Statutes, section 297A.992,
36.16 subdivision 2.

36.17 Sec. 8. **FUNDING FOR RAIL TRANSIT WAYS.**

36.18 In order to accelerate the development of metropolitan area rail transit projects,
36.19 reduce construction costs, provide transportation options, increase mobility, support
36.20 economic growth, and meet environmental challenges, the Metropolitan Council shall
36.21 initiate negotiations with the federal Transit Administration to secure federal funds for a
36.22 single comprehensive program of rail transit way development, to include Rush Line, Red
36.23 Rock, Southwest Corridor, and an extension of NorthStar commuter rail to St. Cloud.

APPENDIX
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