

A bill for an act
relating to transportation; providing for funding of transportation through new
regulations governing checkbook money created by state-chartered banks;
providing a penalty; proposing coding for new law in Minnesota Statutes,
chapter 161.

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

Section 1. **[161.087] USE OF NEW WEALTH-BASED BOOKKEEPING ENTRY
MONEY FOR TRANSPORTATION FUNDING.**

Subdivision 1. Applicability. (a) The funding of all construction and maintenance
of all state, county, statutory or home rule charter city, and town highways, streets, roads,
bridges, transit systems, and other transportation infrastructure must be achieved in lieu
of taxation or bonding through a revision to current state-chartered bank regulations that
will provide for the state-chartered banks to create new bookkeeping entry money as
provided in this section.

(b) For purposes of this section, "state-chartered bank" means a bank chartered
in Minnesota.

Subd. 2. Use of project money. A road authority sponsoring an infrastructure
project referenced in subdivision 1, shall determine the project to be constructed using
the current methods for selection and development and shall submit the necessary
documentation to the nearest state-chartered bank for funding. The submitted
documentation must contain the accepted, verified, and authorized project bid or the
amount of funds needed if done by an existing road authority doing the project.

Subd. 3. Origination and movement of new wealth-based checkbook money.
(a) Each state-chartered bank shall set up an asset-monetizing account for the sole purpose
of monetizing infrastructure projects. For all auditing purposes, this account must be

considered as a separate agency of the state-chartered banks and must not be considered as part of the current ongoing banking operations.

(b) The state-chartered bank receiving the project information as described in subdivision 2 shall then electronically transfer the new funds to the account of the road authority sponsoring the infrastructure project, which must use these funds to pay for the project and for no other purpose. The road authority is responsible for the oversight of the completion of the project according to the terms of the contract.

Subd. 4. Direction to bank examiners. The state-chartered banks are free of any reserve requirements affected by the creation of any and all money that is required under this section and any liability that might be created to the state-chartered banks will exist only until the money is transferred.

Subd. 5. Auditing; public transparency. The state and legislative auditors shall ensure an ongoing and accurate accounting of the total amount of money created to fund projects under this section. The state auditor shall update this accounting on the first business day of the third week of each month and make it available online

Subd. 6. Criminal penalty for noncompliance or fraud. (a) Any noncompliance or fraud relating to this section by an officer or employee of a state-chartered bank; an official or employee of the state, county, statutory or home rule charter city, or town; or an officer or employee of a contractor or subcontractor, is a felony and is subject to the penalties provided in paragraph (b).

(b) Any person found guilty of noncompliance or fraud relating to this section is subject to a fine of up to \$100,000,000 and imprisonment of up to 40 years, or both.

Subd. 7. Pilot project. The state shall implement and administer a pilot project, which must be completed within 180 days after the effective date of this section, to ensure the successful implementation of all procedures required by this section.

EFFECTIVE DATE. This section, except subdivision 7, is effective August 1, 2012, and applies to all projects for which bids or funds are solicited on or after that date. Subdivision 7 is effective the day following final enactment.