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State of Minnesota

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Page No. **80**

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. **748**

02/13/2025 Authored by Koznick and Robbins
The bill was read for the first time and referred to the Committee on Transportation Finance and Policy
03/13/2025 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time
05/19/2025 Pursuant to Rule 4.20, returned to the Committee on Transportation Finance and Policy

1.1 A bill for an act

1.2 relating to transportation; amending project assessment criteria and mitigation

1.3 activities for vehicle miles traveled requirements; modifying transportation policy

1.4 goals and greenhouse gas emission targets; amending Minnesota Statutes 2024,

1.5 sections 161.178; 174.01, subdivisions 2, 3; 174.03, subdivision 1a.

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

1.7 Section 1. Minnesota Statutes 2024, section 161.178, is amended to read:

1.8 **161.178 TRANSPORTATION GREENHOUSE GAS EMISSIONS IMPACT**

1.9 **ASSESSMENT.**

1.10 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have

1.11 the meanings given.

1.12 (b) "Applicable entity" means the commissioner with respect to a project or portfolio

1.13 for inclusion in the state transportation improvement program or a metropolitan planning

1.14 organization with respect to a project or portfolio for inclusion in the appropriate metropolitan

1.15 transportation improvement program.

1.16 (c) "Assessment" means the impact assessment under this section.

1.17 (d) "Capacity expansion project" means a project for trunk highway construction or

1.18 reconstruction that:

1.19 (1) ~~is a major highway project, as defined in section 174.56, subdivision 1, paragraph~~

1.20 ~~(b) has a total construction cost for all segments that the commissioner estimates to be at~~

1.21 least \$30,000,000; and

(2) adds ~~highway traffic capacity or provides for grade separation of motor vehicle traffic at an intersection~~ additional lane miles, excluding ~~auxiliary~~ lanes with a length of less than ~~2,500~~ 5,000 feet.

(e) "Greenhouse gas emissions" includes those emissions described in section 216H.01, subdivision 2.

Subd. 2. **Project or portfolio assessment.** (a) Prior to inclusion of a project or portfolio in the state transportation improvement program or in a metropolitan transportation improvement program, the applicable entity must perform an impact assessment of the project or portfolio. Following the assessment, the applicable entity must determine if the project or portfolio is ~~proportionally in conformance~~ consistent with:

~~(1) the greenhouse gas emissions reduction targets under section 174.01, subdivision 3; and~~

~~(2) the vehicle miles traveled reduction targets established in the statewide multimodal transportation plan under section 174.03, subdivision 1a.~~

(b) The applicable entity may evaluate consistency under paragraph (a) taking into account net greenhouse gas emissions reductions (1) otherwise resulting from projects within that portfolio, and (2) due to other identified projects in the state transportation improvement program, the appropriate metropolitan transportation improvement program, or a combination. A project or portfolio evaluation must not account for the same projects as identified in a separate evaluation under this subdivision.

(c) If the applicable entity determines that the project or portfolio ~~is not in conformance with~~ does not meet the consistency under paragraph (a), the applicable entity must:

(1) alter the scope or design of the project or any number of projects, add or remove one or more projects from the portfolio, or undertake a combination, and subsequently perform a revised assessment that meets the requirements under this section;

(2) interlink sufficient impact mitigation as provided in subdivision 4; or

(3) halt project development and disallow inclusion of the project or portfolio in the appropriate transportation improvement program.

Subd. 2a. **Applicable projects; implementation.** (a) For purposes of this section:

(1) prior to the date established under paragraph ~~(b)~~, ~~a project or portfolio is a capacity expansion project~~ (c), the requirements under this section do not apply to any project; and

(2) on and after the date established under paragraph ~~(b)~~ (c), a project or portfolio is a capacity expansion project or a collection of trunk highway and multimodal projects for a fiscal year and specific region.

(b) A project or portfolio does not include a project that:

(1) is identified as included in the transportation safety investment category established in the Minnesota state highway investment plan under section 174.03, subdivision 1c;

(2) is funded wholly or in part from federal funds; or

(3) is exempted by the commissioner as provided under subdivision 7, paragraph (b).

(c) The commissioner must establish a date to implement impact assessments on the basis of assessing a portfolio or program of projects ~~instead of on a project-by-project basis~~. The date must be:

(1) August 1, ~~2027~~ 2030, which applies to projects that first enter the appropriate transportation improvement program for fiscal year ~~2031~~ 2034 or a subsequent year; or

(2) as established by the commissioner, if the commissioner:

(i) consults with metropolitan planning organizations;

(ii) prioritizes and makes reasonable efforts to meet the date under clause (1) ~~or an earlier date~~;

(iii) determines that the date established under this clause is the earliest practicable in which the necessary models and tools are sufficient for analysis under this section; and

(iv) submits a notice to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over transportation policy and finance, which must identify the date established and summarize the efforts under item (ii) and the determination under item (iii).

Subd. 3. **Assessment requirements.** (a) The commissioner must establish a process to implement the requirements under this section, which includes:

(1) any necessary policies, procedures, manuals, and technical specifications;

(2) procedures to perform an impact assessment that provide for the determination under subdivision 2;

(3) in consultation with the technical advisory committee under section 161.1782, criteria for identification of a capacity expansion project; and

(4) related data reporting from local units of government on local multimodal transportation systems and local project impacts on greenhouse gas emissions and vehicle miles traveled.

(b) Analysis under an assessment must include but is not limited to estimates resulting from a project or portfolio for the following:

(1) greenhouse gas emissions over a period of 20 years; and

~~(2) a net change in vehicle miles traveled for the affected network; and~~

~~(3) (2) impacts to trunk highways and related impacts to local road systems, on a local, regional, or statewide basis, as appropriate.~~

Subd. 4. **Impact mitigation; interlinking.** (a) To provide for impact mitigation, the applicable entity must interlink the project or portfolio as provided in this subdivision.

(b) Impact mitigation is sufficient under subdivision 2, paragraph ~~(b)~~ (c), if the project or portfolio is interlinked to offset actions ~~such that the total greenhouse gas emissions reduction from the offset actions, after accounting for the greenhouse gas emissions otherwise resulting from the project or portfolio, is consistent with meeting the targets specified under subdivision 2, paragraph (a)~~ that reduce the greenhouse gas emissions otherwise resulting from the project or portfolio. Each comparison under this paragraph must be performed over equal comparison periods.

(c) An offset action consists of a project, program, operations modification, or mitigation plan in one or more of the following areas:

(1) transit expansion, including but not limited to regular route bus, arterial bus rapid transit, highway bus rapid transit, rail transit, and intercity passenger rail;

(2) transit service improvements, including but not limited to increased service level, transit fare reduction, and transit priority treatments;

(3) active transportation infrastructure;

(4) micromobility infrastructure and service, including but not limited to shared vehicle services;

(5) transportation demand management, including but not limited to vanpool and shared vehicle programs, remote work, and broadband access expansion;

(6) parking management, including but not limited to parking requirements reduction or elimination and parking cost adjustments;

5.1 (7) land use, including but not limited to residential and other density increases, mixed-use
5.2 development, and transit-oriented development;

5.3 (8) infrastructure improvements related to traffic operations, including but not limited
5.4 to roundabouts and reduced conflict intersections;

5.5 (9) natural systems, including but not limited to prairie restoration, reforestation, and
5.6 urban green space; ~~and~~

5.7 (10) improvements to fuel efficiency or adoption of clean fuel technology;

5.8 (11) acceleration of electric vehicle and other zero-emission vehicle adoption, including
5.9 but not limited to electric vehicle infrastructure and zero-emission transit bus procurement
5.10 under the requirements specified in law;

5.11 (12) freight rail infrastructure and service improvements;

5.12 (13) photovoltaic systems attached or adjacent to transportation facilities; and

5.13 (14) as specified by the commissioner in the manner provided under paragraph (e).

5.14 (d) An offset action may be identified as interlinked to the project or portfolio if:

5.15 (1) there is a specified project, program, modification, or mitigation plan;

5.16 (2) the necessary funding ~~sources are~~ amount is identified ~~and sufficient amounts are~~
5.17 ~~committed;~~

5.18 (3) the mitigation is localized as provided in subdivision 5; and

5.19 (4) procedures are established to ensure that the mitigation action remains in substantially
5.20 the same form or a revised form that continues to meet the calculation under paragraph (b).

5.21 (e) The commissioner may authorize additional offset actions under paragraph (c) if:

5.22 (1) the offset action is reviewed and recommended by the technical advisory committee
5.23 under section 161.1782; and

5.24 (2) the commissioner determines that the offset action is ~~directly~~ related to reduction in
5.25 the transportation sector of greenhouse gas emissions ~~or vehicle miles traveled.~~

5.26 Subd. 5. **Impact mitigation; localization.** (a) An offset action under subdivision 4 must
5.27 be localized in the following priority order:

5.28 (1) if the offset action is for one project, within or associated with at least one of the
5.29 communities impacted by the project;

(2) if clause (1) does not apply or there is not a reasonably feasible location under clause (1), in areas of persistent poverty or historically disadvantaged communities, as measured and defined in federal law, guidance, and notices of funding opportunity;

(3) if there is not a reasonably feasible location under clauses (1) and (2), in the region of the project or portfolio; or

(4) if there is not a reasonably feasible location under clauses (1) to (3), on a statewide basis.

(b) The applicable entity must include an explanation regarding the feasibility and rationale for each mitigation action located under paragraph (a), clauses (2) to (4).

Subd. 6. **Public information.** The commissioner must publish information regarding impact assessments on the department's website. The information must include:

(1) for each project evaluated separately under this section, identification of the project;

(2) for each project evaluated separately, a summary that includes an overview of the assessment, the impact determination by the commissioner, and project disposition, including a review of any offset actions and the offset action costs;

(3) for each portfolio of projects, an overview of the projects, the impact determination by the commissioner, and a summary of any offset actions and the offset action costs;

(4) a review of any interpretation of or additions to offset actions under subdivision 4;

(5) identification of the date established by the commissioner under subdivision 2a, paragraph ~~(b)~~ (c); ~~and~~

(6) identification of any exemptions provided under subdivision 7, paragraph (b); and

(7) a summary of the activities of the technical advisory committee under section 161.1782, including but not limited to any findings or recommendations made by the advisory committee.

Subd. 7. **Safety and well-being.** (a) The requirements of this section are in addition to and must not supplant the safety and well-being goals established under section 174.01, subdivision 2, clauses (1) and (2).

(b) The commissioner may exempt a project from the requirements under this section if the commissioner:

(1) identifies a priority for urgent traffic safety response to traffic fatalities or serious injuries; and

(2) in consultation with the technical advisory committee under section 161.1782, determines that the project reasonably addresses the traffic safety priority identified under clause (1).

(c) Within 90 days of issuing an exemption under paragraph (b), the commissioner must submit a notice of the exemption to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy. At a minimum, the notice must identify the project and the reasons for the exemption.

Subd. 8. **Transportation impact assessment and mitigation account.** (a) A transportation impact assessment and mitigation account is established in the special revenue fund. The account consists of funds provided by law and any other money donated, allotted, transferred, or otherwise provided to the account.

(b) Money in the account is annually appropriated to the commissioner and must only be expended on activities described or required under this section. In determining expenditures from the account, the commissioner must include prioritization for offset actions interlinked to trunk highway projects that reduce traffic fatalities or severe injuries.

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

Sec. 2. Minnesota Statutes 2024, section 174.01, subdivision 2, is amended to read:

Subd. 2. **Transportation goals.** The goals of the state transportation system are as follows:

(1) to minimize fatalities and injuries for transportation users throughout the state;

(2) to provide multimodal and intermodal transportation facilities and services to increase access for all persons and businesses and to ensure economic well-being and quality of life without undue burden placed on any community;

(3) to provide a reasonable travel time for commuters;

(4) to enhance economic development and provide for the economical, efficient, and safe movement of goods to and from markets by rail, highway, and waterway;

(5) to encourage tourism by providing appropriate transportation to Minnesota facilities designed to attract tourists and to enhance the appeal, through transportation investments, of tourist destinations across the state;

(6) to provide transit services to all counties in the state to meet the needs of transit users;

(7) to promote accountability through systematic management of system performance and productivity through the utilization of technological advancements;

(8) to maximize the long-term benefits received for each state transportation investment;

(9) to provide for and prioritize funding of transportation investments that ensures that the state's transportation infrastructure is maintained in a state of good repair;

(10) to ensure that the planning and implementation of all modes of transportation are consistent with the environmental and energy goals of the state;

(11) to promote and increase the use of high-occupancy vehicles and low-emission vehicles;

(12) to provide an air transportation system sufficient to encourage economic growth and allow all regions of the state the ability to participate in the global economy;

(13) to increase use of transit as a percentage of all trips statewide by giving highest priority to the transportation modes with the greatest people-moving capacity and lowest long-term economic and environmental cost;

(14) to promote and increase bicycling and walking as a percentage of all trips as energy-efficient, nonpolluting, and healthy forms of transportation;

(15) secondary to the goal under clause (1), to reduce greenhouse gas emissions from the state's transportation sector; and

(16) secondary to the goal under clause (1), to accomplish these goals with minimal impact on the environment.

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

Sec. 3. Minnesota Statutes 2024, section 174.01, subdivision 3, is amended to read:

Subd. 3. **Greenhouse gas emissions targets.** (a) In association with the goals under subdivision 2, clauses (10) and (13) to (16), and subject to the transportation system safety goal under subdivision 2, clause (1), the commissioner of transportation must establish targets for the statewide greenhouse gas emissions reduction goal under section 216H.02, subdivision 1.

(b) The targets must include:

(1) establishment of ~~proportional~~ emissions reduction performance targets for the transportation sector;

(2) specification of the performance targets on a five-year or more frequent basis; and

9.1 (3) allocation across the transportation sector, which:

9.2 (i) must provide for an allocation to the metropolitan area, as defined in section 473.121,
9.3 subdivision 2;

9.4 (ii) must account for differences in the feasibility and extent of emissions reductions
9.5 across forms of land use and across regions of the state; and

9.6 (iii) may include performance targets based on Department of Transportation district,
9.7 geographic region, a per capita calculation, or transportation mode, or a combination.

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

9.9 Sec. 4. Minnesota Statutes 2024, section 174.03, subdivision 1a, is amended to read:

9.10 Subd. 1a. **Revision of statewide multimodal transportation plan.** (a) The commissioner
9.11 must revise the statewide multimodal transportation plan by January 15, 2022, and by
9.12 January 15 of every five years thereafter. Before final adoption of a revised plan, the
9.13 commissioner must hold a hearing to receive public comment on the preliminary draft of
9.14 the revised plan.

9.15 (b) Each revised statewide multimodal transportation plan must:

9.16 (1) incorporate the goals of the state transportation system in section 174.01;

9.17 (2) establish objectives, policies, and strategies for achieving those goals; and

9.18 (3) identify performance targets for measuring progress and achievement of transportation
9.19 system goals, objectives, or policies.

9.20 **(c) Any vehicle miles traveled reduction targets established in the plan are secondary to**
9.21 **the transportation system safety and economic well-being goals under section 174.01,**
9.22 **subdivision 2, clauses (1) and (2).**

9.23 **EFFECTIVE DATE.** This section is effective the day following final enactment and
9.24 applies to plans adopted on or after that date.