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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2395

02/27/2014 Authored by Hornstein and Kahn
The bill was read for the first time and referred to the Committee on Transportation Finance
03/24/2014 Adoption of Report: Amended and re-referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to transportation; capital investment; taxes; amending provisions
1.3 governing transportation finance; modifying the gasoline excise tax; establishing
1.4 gross receipts motor fuels tax; amending metropolitan area transit sales tax;
1.5 requiring the Metropolitan Council to set a goal to accelerate the purchase of
1.6 hybrid and alternative fuel vehicles; authorizing sale and issuance of trunk
1.7 highway bonds; requiring reports; appropriating money; amending Minnesota
1.8 Statutes 2012, sections 162.07, subdivision 1a; 174.56, subdivision 1, by
1.9 adding a subdivision; 296A.061; 296A.07, subdivision 3; 296A.08, subdivision
1.10 2; 296A.11; 296A.12; 296A.16; 297A.992; 473.167; 473.3925; 473.915;
1.11 Minnesota Statutes 2013 Supplement, sections 174.42, subdivision 2, by adding
1.12 a subdivision; 297A.815, subdivision 3; proposing coding for new law in
1.13 Minnesota Statutes, chapters 161; 174; 296A; 297A; 473.

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

1.15 ARTICLE 1

1.16 TRUNK HIGHWAY

1.17 Section 1. BOND APPROPRIATIONS.

1.18 The sums shown in the column under "Appropriations" are appropriated from the
1.19 bond proceeds account in the trunk highway fund to the state agencies or officials indicated,
1.20 to be spent for public purposes. Appropriations of bond proceeds must be spent as
1.21 authorized by the Minnesota Constitution, articles XI and XIV. Unless otherwise specified,
1.22 money appropriated in this article for a capital program or project may be used to pay state
1.23 agency staff costs that are attributed directly to the capital program or project in accordance
1.24 with accounting policies adopted by the commissioner of management and budget.

1.25 SUMMARY

Table with 2 columns: Department and Amount. Rows include Department of Transportation (\$1,000,000,000), Department of Management and Budget (\$1,000,000), and TOTAL (\$1,001,000,000).

2.1

**APPROPRIATIONS**

2.2  
2.3  
2.4

**Sec. 2. DEPARTMENT OF  
TRANSPORTATION CORRIDORS OF  
COMMERCE**

**\$ 800,000,000**

2.5 (a) The appropriation in this section is  
2.6 to the commissioner of transportation for  
2.7 the corridors of commerce program under  
2.8 Minnesota Statutes, section 161.088, and is  
2.9 available in the amounts of \$200,000,000 in  
2.10 each fiscal year for fiscal years 2015 to 2018.

2.11 (b) The appropriation in this subdivision  
2.12 cancel as specified under Minnesota  
2.13 Statutes, section 16A.642, except that the  
2.14 commissioner of management and budget  
2.15 shall count the start of authorization for  
2.16 issuance of state bonds as the first day  
2.17 of the fiscal year during which the bonds  
2.18 are available to be issued as specified  
2.19 under paragraph (a), and not as the date of  
2.20 enactment of this subdivision.

2.21 **Sec. 3. TRANSPORTATION ECONOMIC**  
2.22 **DEVELOPMENT PROGRAM**

**\$ 200,000,000**

2.23 (a) This appropriation is for the transportation  
2.24 economic development program under  
2.25 Minnesota Statutes, section 174.12, and is  
2.26 available in the amounts of \$50,000,000 in  
2.27 each fiscal year for fiscal years 2015 to 2018.

2.28 (b) The appropriation in this subdivision  
2.29 cancel as specified under Minnesota  
2.30 Statutes, section 16A.642, except that the  
2.31 commissioner of management and budget  
2.32 shall count the start of authorization for  
2.33 issuance of state bonds as the first day  
2.34 of the fiscal year during which the bonds  
2.35 are available to be issued as specified

3.1 under paragraph (a), and not as the date of  
 3.2 enactment of this subdivision.

3.3 Sec. 4. **BOND SALE EXPENSES** **\$ 1,000,000**

3.4 This appropriation is to the commissioner  
 3.5 of management and budget for bond sale  
 3.6 expenses under Minnesota Statutes, sections  
 3.7 16A.641, subdivision 8; and 167.50,  
 3.8 subdivision 4.

3.9 Sec. 5. **BOND SALE AUTHORIZATION.**

3.10 To provide the money appropriated in this article from the bond proceeds account in  
 3.11 the trunk highway fund, the commissioner of management and budget shall sell and issue  
 3.12 bonds of the state in an amount up to \$1,001,000,000 in the manner, upon the terms, and  
 3.13 with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the  
 3.14 Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested  
 3.15 by the commissioner of transportation. The proceeds of the bonds, except accrued interest  
 3.16 and any premium received from the sale of the bonds, must be deposited in the bond  
 3.17 proceeds account in the trunk highway fund.

3.18 Sec. 6. **EFFECTIVE DATE.**

3.19 This article is effective July 1, 2014.

3.20 **ARTICLE 2**

3.21 **GROSS RECEIPTS TAX**

3.22 Section 1. Minnesota Statutes 2012, section 296A.061, is amended to read:

3.23 **296A.061 CANCELLATION OR NONRENEWAL OF LICENSES.**

3.24 The commissioner may cancel a license or not renew a license if one of the following  
 3.25 conditions occurs:

- 3.26 (1) the license holder has not filed a petroleum tax return or report for at least one year;
- 3.27 (2) the license holder has not filed a gross receipts tax return for at least one year;
- 3.28 (3) the license holder has not reported any petroleum tax liability or gross receipts  
 3.29 tax liability on the license holder's returns or reports for at least one year; or
- 3.30 (3) (4) the license holder requests cancellation of the license.

4.1 Sec. 2. Minnesota Statutes 2012, section 296A.07, subdivision 3, is amended to read:

4.2 Subd. 3. **Rate of tax.** (a) The gasoline excise tax is imposed at the following rates:

4.3 (1) E85 is taxed at the rate of 17.75 cents per gallon;

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

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

4.6 (b) Notwithstanding the provisions of paragraph (a), the gasoline excise tax is  
4.7 imposed at the following rates beginning on the date the tax under section 296A.085  
4.8 takes effect:

4.9 (1) E85 is taxed at the rate of 14.2 cents per gallon;

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

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

4.12 Sec. 3. Minnesota Statutes 2012, section 296A.08, subdivision 2, is amended to read:

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

4.14 (a) Liquefied petroleum gas or propane is taxed at the rate of 18.75 cents per gallon.

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

4.16 (c) Compressed natural gas is taxed at the rate of \$2.174 per thousand cubic feet; or  
4.17 25 cents per gasoline equivalent. For purposes of this paragraph, "gasoline equivalent," as  
4.18 defined by the National Conference on Weights and Measures, is 5.66 pounds of natural gas.

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

4.22 (e) Notwithstanding the provisions of paragraphs (a) to (c), the following rates apply  
4.23 beginning on the date the tax under section 296A.085 takes effect:

4.24 (1) liquefied petroleum gas or propane is taxed at the rate of 15 cents per gallon;

4.25 (2) liquefied natural gas is taxed at the rate of 12 cents per gallon; and

4.26 (3) compressed natural gas is taxed at the rate of \$1.74 per thousand cubic feet; or 20  
4.27 cents per gasoline equivalent. For purposes of this paragraph, "gasoline equivalent," as  
4.28 defined by the National Conference on Weights and Measures, is 5.66 pounds of natural gas.

4.29 Sec. 4. **[296A.085] MOTOR FUELS GROSS RECEIPTS TAX.**

4.30 Subdivision 1. **Imposition.** A tax is imposed on the wholesale business of selling  
4.31 the means or substance used for propelling vehicles on the highways of this state. The  
4.32 tax is imposed at the rate of five percent of gross receipts derived by a distributor from  
4.33 the first sale at wholesale of gasoline, gasoline blended with ethanol, agricultural alcohol  
4.34 gasoline, and special fuels within this state for use in motor vehicles.

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

5.4 Subd. 3. Conversion of tax rate. Annually on or before August 1, the commissioner  
5.5 shall determine the applicable gross receipts motor fuels tax rate per gallon, which shall be  
5.6 the greater of either: ten cents per gallon; or five percent of the annual Minnesota total (all  
5.7 grades) wholesale gasoline price by refiners for the previous fiscal year, as published by  
5.8 the United States Energy Information Administration, and rounded to the nearest tenth of  
5.9 a cent per gallon. The announced rate is effective for a 12-month period from the next  
5.10 October 1 to September 30. The commissioner shall publish on the department's Web site  
5.11 the total of the gross receipts tax and the excise tax.

5.12 Subd. 4. Administrative provisions. Except as otherwise provided in this chapter,  
5.13 the relevant audit, assessment, refund, penalty, interest, enforcement, collection remedies,  
5.14 appeal, and administrative provisions of chapter 289A apply to taxes imposed under  
5.15 this section.

5.16 Subd. 5. Deposit of revenues. The commissioner shall deposit the revenues from  
5.17 the gross receipts tax into the highway user tax distribution fund.

5.18 EFFECTIVE DATE. This section is effective October 1, 2014, and applies to  
5.19 gross receipts attributable to the described products and derived by a distribution on  
5.20 and after that day.

5.21 Sec. 5. Minnesota Statutes 2012, section 296A.11, is amended to read:

5.22 **296A.11 SELLER MAY COLLECT TAX.**

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

6.1 Sec. 6. Minnesota Statutes 2012, section 296A.12, is amended to read:

6.2 **296A.12 GASOLINE AND SPECIAL FUEL TAX AND MOTOR FUELS**  
6.3 **GROSS RECEIPTS TAX IN LIEU OF OTHER TAXES.**

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

6.10 Sec. 7. Minnesota Statutes 2012, section 296A.16, is amended to read:

6.11 **296A.16 REFUND OR CREDIT.**

6.12 Subdivision 1. **Credit or refund of gasoline or special fuel tax paid.** The  
6.13 commissioner shall allow the distributor credit or refund of the tax paid on gasoline and  
6.14 special fuel and of the motor fuels gross receipts tax attributed to fuel:

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

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

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

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

6.22 (5) in error;

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

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

6.27 Subd. 2. **Fuel used in other vehicle; claim for refund.** Any person who buys and  
6.28 uses gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles  
6.29 except as provided in clause (2), or motorboats, or special fuel for a qualifying purpose  
6.30 other than use in licensed motor vehicles, and who paid the excise or gross receipts tax  
6.31 directly or indirectly through the amount of the tax being included in the price of the  
6.32 gasoline or special fuel, or otherwise, shall be reimbursed and repaid the amount of the  
6.33 tax paid upon filing with the commissioner a claim for refund in the form and manner  
6.34 prescribed by the commissioner, and containing the information the commissioner shall  
6.35 require. By signing any such claim which is false or fraudulent, the applicant shall be

7.1 subject to the penalties provided in this chapter for knowingly making a false claim.

7.2 The claim shall set forth the total amount of the gasoline so purchased and used by the  
7.3 applicant other than in motor vehicles, or special fuel purchased and used by the applicant  
7.4 other than in licensed motor vehicles, and shall state when and for what purpose it was  
7.5 used. When a claim contains an error in computation or preparation, the commissioner  
7.6 is authorized to adjust the claim in accordance with the evidence shown on the claim or  
7.7 other information available to the commissioner. The commissioner, on being satisfied  
7.8 that the claimant is entitled to the payments, shall approve the claim and transmit it to the  
7.9 commissioner of management and budget. The words "gasoline" or "special fuel" as used  
7.10 in this subdivision do not include aviation gasoline or special fuel for aircraft. Gasoline or  
7.11 special fuel bought and used for a "qualifying purpose" means:

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

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

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

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

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

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

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

7.34 (1) the tax paid by the distributor on, or gross receipts from the sale of, gasoline,  
7.35 undyed diesel fuel, or undyed kerosene destroyed by accident while in the possession of  
7.36 the dealer; or

8.1 (2) the tax paid by a distributor or special fuels dealer on, or gross receipts from the  
8.2 sale of, other special fuels destroyed by accident while in the possession of the dealer.

8.3 Subd. 4. **Refrigerator units; refunds.** Notwithstanding the provisions of  
8.4 subdivision 1, the commissioner shall allow a special fuel dealer a refund of the tax paid  
8.5 on, or gross receipts from the sale of, fuel sold directly into a supply tank of a refrigeration  
8.6 unit with a separate engine and used exclusively by that refrigeration unit. A claim for  
8.7 refund may be filed as provided in this section.

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

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

8.19 Subd. 5. **Qualifying service station credit.** Notwithstanding any other provision of  
8.20 law to the contrary, the tax imposed on gasoline, undyed diesel fuel, or undyed kerosene,  
8.21 together with the amount attributable to gross receipts tax on these fuels, delivered to a  
8.22 qualified service station may not exceed, or must be reduced to, a rate not more than  
8.23 three cents per gallon above the state tax rate imposed on such products sold by a service  
8.24 station in a contiguous state located within the distance indicated in this subdivision. A  
8.25 distributor shall be allowed a credit or refund for the amount of reduction computed in  
8.26 accordance with this subdivision. For purposes of this subdivision, a "qualifying service  
8.27 station" means a service station located within 7.5 miles, measured by the shortest route  
8.28 by public road, from a service station selling like product in the contiguous state.

8.29 Subd. 7. **Civil penalty for filing false claim.** A person who violates section  
8.30 296A.23, subdivision 1, shall forfeit the full amount of the claim. In addition, a person who  
8.31 is convicted under section 296A.23 for filing a false statement or claim shall, in addition  
8.32 to any criminal penalties imposed, be prohibited from filing with the commissioner any  
8.33 claim for refund upon gasoline purchased within six months after such conviction.

8.34 Subd. 8. **Appropriation.** There is appropriated to the persons entitled to refund or  
8.35 credit under this section, from the fund or account in the state treasury to which the money  
8.36 was credited, an amount sufficient to make the credit or refund.



10.1 ~~transportation~~ transit sales and use tax at a rate of one-quarter of one percent on retail  
 10.2 sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle,  
 10.3 as defined in section 297B.01, subdivision 11, purchased or acquired from any person  
 10.4 engaged in the business of selling motor vehicles at retail, occurring within the jurisdiction  
 10.5 of the taxing authority. The taxes authorized are to fund transportation improvements as  
 10.6 specified in this section, including debt service on obligations issued to finance such  
 10.7 improvements pursuant to subdivision 7.

10.8 (b) The tax imposed under this section is not included in determining if the total tax  
 10.9 on lodging in the city of Minneapolis exceeds the maximum allowed tax under Laws 1986,  
 10.10 chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article  
 10.11 12, section 87, or in determining a tax that may be imposed under any other limitations.

10.12 Subd. 2a. **Additional tax; rates.** (a) A local sales tax is imposed in the metropolitan  
 10.13 counties, as defined in section 473.121, subdivision 4. In order to maintain the same rate  
 10.14 across the region, the tax is imposed in each county as follows:

10.15 (1) effective for sales and purchases made after June 30, 2014, a sales and use tax on  
 10.16 retail sales and uses taxable under this chapter, at a rate equal to one percent minus the  
 10.17 tax rate imposed by each county under subdivision 2; and

10.18 (2) effective for vehicles acquired after June 30, 2014, if not imposed by a county  
 10.19 under subdivision 2, an excise tax of \$20 per motor vehicle, as defined in section 297B.01,  
 10.20 subdivision 11, purchased or acquired from any person engaged in the business of selling  
 10.21 motor vehicles at retail, occurring within the jurisdiction of the county.

10.22 (b) The taxes imposed under this subdivision are not included in determining if the  
 10.23 total tax on lodging in the city of Minneapolis exceeds the maximum allowed tax under  
 10.24 Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session  
 10.25 chapter 5, article 12, section 87, and Laws 2012, chapter 299, article 3, section 3, or in  
 10.26 determining a tax that may be imposed under any other limitations.

10.27 Subd. 3. **Joint powers agreement.** (a) Before imposing the taxes authorized in  
 10.28 subdivision 2, ~~an eligible~~ a county must declare by resolution of its county board to be part  
 10.29 of the metropolitan transportation area and must enter into a joint powers agreement. The  
 10.30 joint powers agreement:

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

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

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

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

11.2 (b) All counties in the metropolitan area shall enter into an amended joint powers  
11.3 agreement that conforms to the provisions of this section.

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

11.9 (b) The joint powers board may utilize (1) no more than three-fourths of one  
11.10 percent of the baseline transit sales tax proceeds of the taxes imposed under this section  
11.11 for ordinary administrative expenses incurred in carrying out the provisions of this  
11.12 section, and (2) an amount as provided in subdivision 5a, paragraph (f). Any additional  
11.13 administrative expenses must be paid by the participating counties.

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

11.18 (d) The chair of the joint powers board must be a county commissioner who is  
11.19 elected by the board.

11.20 Subd. 5. **~~Grant application and awards; Grant Evaluation and Ranking System~~**  
11.21 **~~(GEARS) Committee process, general requirements.~~** (a) The joint powers board shall  
11.22 establish a grant application process and identify the amount of available funding for grant  
11.23 awards. Grant applications must be submitted in a form prescribed by the joint powers  
11.24 board. An applicant must provide, in addition to all other information required by the joint  
11.25 powers board, the estimated cost of the project, the amount of the grant sought, possible  
11.26 sources of funding in addition to the grant sought, and identification of any federal funds  
11.27 that will be utilized if the grant is awarded. A grant application seeking transit capital  
11.28 funding must identify the source of money necessary to operate the transit improvement.

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

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

12.1 Subd. 5a. Grant awards; Grant Evaluation and Ranking System (GEARS)

12.2 Committee. (a) The joint powers board shall establish a GEARS Committee, which  
12.3 must consist of:

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

12.6 (2) one elected city representative from each county ~~that is~~ in the metropolitan  
12.7 ~~transportation~~ area;

12.8 (3) one additional elected city representative from each county for every additional  
12.9 400,000 in population, or fraction of 400,000, in the county that is above 400,000 in  
12.10 population; and

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

12.12 ~~(d)~~ (b) Each city representative must be elected at a meeting of cities in the  
12.13 metropolitan ~~transportation~~ area, which must be convened for that purpose by the  
12.14 Association of Metropolitan Municipalities.

12.15 ~~(e)~~ (c) The committee shall:

12.16 (1) evaluate grant applications following objective criteria established by the joint  
12.17 powers board, and must;

12.18 (2) provide to the joint powers board a selection list of transportation projects that  
12.19 includes a priority ranking;

12.20 (3) annually evaluate and award grants to local units of government, including  
12.21 park districts for construction and maintenance of regional bicycle, trail, and pedestrian  
12.22 infrastructure, and for safe routes to school infrastructure; and

12.23 (4) annually evaluate and award grants to cities for planning activities related to  
12.24 land use and transportation linkages, streetcar development, or bicycle and pedestrian  
12.25 connections.

12.26 (d) Grants awarded by the committee under paragraph (c), clauses (3) and (4), are  
12.27 not subject to approval by the board. Annually, the committee shall award grants under  
12.28 those clauses in a total amount that equals no less than ten percent of the net transit sales  
12.29 tax proceeds.

12.30 (e) The committee may award a grant under paragraph (c), clause (3), only if the  
12.31 project being funded is in compliance with:

12.32 (1) a regional nonmotorized transportation system plan developed by the  
12.33 Metropolitan Council; or

12.34 (2) a municipal nonmotorized transportation plan, which must provide coordinated  
12.35 development of transportation facilities located in adjacent communities, including  
12.36 connections between facilities in each community.

13.1 (f) The board may utilize no more than an amount equal to three-fourths of one  
 13.2 percent of the total grant awards under paragraph (c) for ordinary administrative expenses  
 13.3 incurred in carrying out the provisions of this subdivision.

13.4 Subd. 5b. Grant awards; consistency with transportation plans. (f) A grant  
 13.5 award for a transit project located within the metropolitan area, as defined in section  
 13.6 473.121, subdivision 2, may be funded only after the Metropolitan Council reviews the  
 13.7 project for consistency with the transit portion of the Metropolitan Council policy plan  
 13.8 and one of the following occurs:

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

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

13.13 (3) the Metropolitan Council finds the project to be inconsistent, and submits the  
 13.14 consistency issue for final determination to a panel, which determines the project to be  
 13.15 consistent. The panel is composed of a member appointed by the chair of the Metropolitan  
 13.16 Council, a member appointed by the joint powers board, and a member agreed upon by  
 13.17 both the chair and the joint powers board.

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

13.20 ~~(h) Notwithstanding the provisions of this section except subdivision 6a, of~~  
 13.21 ~~the revenue collected under this section, the joint powers board shall allocate to the~~  
 13.22 ~~Metropolitan Council, in fiscal years 2012 and 2013, an amount not less than 75 percent of~~  
 13.23 ~~the net cost of operations for those transitways that were receiving metropolitan sales tax~~  
 13.24 ~~funds through an operating grant agreement on June 30, 2011.~~

13.25 ~~(i) The Metropolitan Council shall expend any funds allocated under paragraph (h)~~  
 13.26 ~~for the operations of the specified transitways solely within those counties that are in the~~  
 13.27 ~~metropolitan transportation area.~~

13.28 ~~(j) Nothing in paragraph (h) or (i) prevents grant awards to the Metropolitan Council~~  
 13.29 ~~for capital and operating assistance for transitways and park-and-ride facilities.~~

13.30 Subd. 6. Allocation of Grant awards; eligible uses. (a) The board must allocate  
 13.31 grant awards only for the following transit purposes transitway development, consisting of:

13.32 (i) capital improvements to transitways, including, but not limited to, commuter rail  
 13.33 rolling stock, light rail vehicles, and transitway buses;

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

14.1 (iii) feasibility studies, planning, alternatives analyses, environmental studies,  
14.2 engineering, property acquisition for transitway purposes, and construction of transitways;  
14.3 ~~and.~~

14.4 ~~(iv) operating assistance for transitways.~~

14.5 (b) The joint powers board must ~~annually~~ award grants to each minimum guarantee  
14.6 county in an amount no less than the amount of sales tax revenue collected within that  
14.7 county as follows:

14.8 (1) to Scott County and Carver County, 55 percent of the net sales tax proceeds  
14.9 generated by one-quarter of one percent collected in each county respectively for calendar  
14.10 years 2015 to 2019;

14.11 (2) to the Metropolitan Council for development and construction of the Southwest  
14.12 light rail transit project and the Bottineau Boulevard, Cedar Avenue, Riverview, Robert  
14.13 Street, Red Rock, Gateway, I-35W South, I-394 Commuter Corridor, and Rush Line  
14.14 transitways; and

14.15 (3) to the counties for transit and transportation purposes in an amount that equals no  
14.16 less than one-sixth of the net transit sales tax proceeds, to be distributed to each county  
14.17 proportionally based on the sales and use tax proceeds under this section generated in  
14.18 that county divided by the total sales and use taxes generated in the metropolitan area.  
14.19 Hennepin County shall use its entire grant award under this section for transit purposes.

14.20 ~~(e) No more than 1.25 percent of the total awards may be annually allocated for~~  
14.21 ~~planning, studies, design, construction, maintenance, and operation of pedestrian programs~~  
14.22 ~~and bicycle programs and pathways.~~

14.23 Subd. 6a. **Priority of fund uses.** The joint powers board shall allocate all revenues  
14.24 from the taxes imposed under this section in conformance with the following priority order:

14.25 (1) payment of debt service necessary for the fiscal year on bonds or other  
14.26 obligations ~~issued prior to January 1, 2011,~~ under subdivision 7; and

14.27 (2) as otherwise authorized under this section.

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

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

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

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

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

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

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

15.21 Subd. 8. **Allocation Remittance of revenues.** After the deductions allowed in  
15.22 section 297A.99, subdivision 11, the commissioner of revenue shall remit ~~the proceeds of~~  
15.23 ~~the taxes imposed under this section:~~ (1) the baseline sales tax proceeds, on a monthly basis,  
15.24 as directed by the joint powers board under this section; and (2) the remaining proceeds of  
15.25 the sales and use taxes imposed under this section, as provided under section 297A.9925.

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

15.29 Subd. 10. **Termination of local option taxes.** (a) The taxes imposed under section  
15.30 ~~297A.99, subdivision 1,~~ subdivision 2 by a county that withdraws from the joint powers  
15.31 agreement pursuant to subdivision 3, clause (3), shall terminate when the county has  
15.32 satisfied its portion, as defined in the joint powers agreement, of all outstanding bonds or  
15.33 obligations entered into while the county was a member of the agreement.

15.34 (b) If the joint powers agreement under subdivision 3 is terminated, the taxes  
15.35 imposed under section ~~297A.99, subdivision 1,~~ subdivision 2 at the time of the agreement  
15.36 termination will terminate when all outstanding bonds or obligations are satisfied. The

16.1 auditors of the counties in which the taxes are imposed shall see to the administration of  
 16.2 this paragraph.

16.3 Subd. 11. **Report.** The joint powers board shall report annually by February 1 to the  
 16.4 ~~house of representatives and senate~~ chairs and ranking minority members of the legislative  
 16.5 committees having jurisdiction over transportation policy and finance concerning the:

- 16.6 (1) board activities and actions;
- 16.7 (2) bonds authorized or issued under subdivision 7;
- 16.8 (3) revenues received; and
- 16.9 (4) grants awarded.

16.10 Subd. 12. **Grant awards to Metropolitan Council.** Any grant award under this  
 16.11 section made to the Metropolitan Council must supplement, and must not supplant,  
 16.12 operating and capital assistance provided by the state.

16.13 **EFFECTIVE DATE.** This section is effective July 1, 2014, for sales and purchases  
 16.14 made after June 30, 2014, except that the imposition of the tax under subdivision 2a is  
 16.15 effective on the first day of the calendar quarter beginning at least 60 days after the date of  
 16.16 final enactment. This section applies in the counties of Anoka, Carver, Dakota, Hennepin,  
 16.17 Ramsey, Scott, and Washington.

16.18 Sec. 2. **[297A.9925] METROPOLITAN AREA TRANSIT SALES TAX;**  
 16.19 **ALLOCATION OF JOINT CERTIFICATION FUNDS.**

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

- 16.22 (1) "board" means the joint powers board established under section 297A.992; and
- 16.23 (2) "net transit sales tax proceeds" has the meaning given in section 297A.992,  
 16.24 subdivision 1.

16.25 Subd. 2. Allocation purposes. In the manner specified under subdivision 6, the  
 16.26 net transit sales tax proceeds must be allocated under subdivision 3 by the board and the  
 16.27 Metropolitan Council for all of the following purposes:

- 16.28 (1) payment of debt service on bonds or other obligations, except for debt service on  
 16.29 bonds or other obligations issued under section 297A.992, subdivision 7;
- 16.30 (2) Metropolitan Council transit operations;
- 16.31 (3) 100 percent of the net operating subsidies for transitways and arterial bus rapid  
 16.32 transit;
- 16.33 (4) development and construction of transitways;
- 16.34 (5) grants awarded by the GEARS committee under section 297A.992, subdivision  
 16.35 5a;

17.1 (6) grants awarded by the board under section 297A.992, subdivision 6, paragraph  
17.2 (b), clause (3);

17.3 (7) expansion and operation of regular route and commuter bus service provided  
17.4 by metro transit and suburban transit providers with expansion of service by an annual  
17.5 average rate of four percent;

17.6 (8) \$500,000 annually for a grant to the Center for Transportation Studies at the  
17.7 University of Minnesota; and

17.8 (9) following allocations under clauses (1) to (8), as otherwise specified in the joint  
17.9 certification under subdivision 3.

17.10 Subd. 3. **Joint certification.** (a) The board and the Metropolitan Council shall  
17.11 annually develop a joint certification as provided in this subdivision. The joint certification  
17.12 must include, at a minimum, allocations for the purposes stated in subdivision 2 and must  
17.13 be separately adopted by the board and by the council no later than August 31 of each year.

17.14 (b) By July 1, 2014, and by March 15 of each subsequent year, the commissioner  
17.15 of management and budget shall provide to the board and council an estimate of the net  
17.16 transit sales tax proceeds for the subsequent calendar year.

17.17 (c) If, on October 1 of any year, the board and the Metropolitan Council have not  
17.18 reached agreement as to the contents of the joint certification, they shall submit the issue  
17.19 to a panel for dispute resolution. The panel must be composed of a member appointed by  
17.20 the chair of the Metropolitan Council, a member appointed by the board, and a member  
17.21 agreed upon by both the chair and the board. The panel shall mediate discussion of areas  
17.22 of disagreement and shall issue advisory recommendations.

17.23 (d) If the commissioner does not receive a joint certification by December 1, the  
17.24 commissioner may not remit the net transit sales tax proceeds except as provided by a  
17.25 legislatively enacted appropriation.

17.26 (e) The joint certification must specify the use of sales tax proceeds and account for  
17.27 deposit of the remainder after allocations.

17.28 (f) A joint certification may not exceed the estimated net transit sales tax proceeds.

17.29 (g) By December 15 annually, the board shall electronically submit a copy of any  
17.30 joint certification to the chairs and ranking minority members of the legislative committees  
17.31 with jurisdiction over transportation policy and finance.

17.32 Subd. 4. **Uses and priorities; Metropolitan Council.** The Metropolitan Council  
17.33 shall use funds remitted to the council under this section in the following priority order:

17.34 (1) continuation of bus and rail transit operations, including but not limited to  
17.35 operations of providers under section 473.388, and operations and maintenance of all  
17.36 transitways under revenue operations; and

18.1 (2) transit expansion in accordance with the transit portion of the council's policy  
 18.2 transit plan, including but not limited to expansion and upgrades of bus service and related  
 18.3 amenities, including transit provided under section 473.388; development of arterial bus  
 18.4 rapid transit, transitways, and streetcars as appropriate; and maintenance of affordable  
 18.5 transit fares.

18.6 Subd. 5. **Uses and priorities; joint powers board.** The board shall use all funds  
 18.7 remitted to the board under this section as provided in section 297A.992.

18.8 Subd. 6. **Remittance schedule.** The commissioner of revenue shall remit the net  
 18.9 transit sales tax proceeds on a monthly basis to a fiscal agent selected by the board and  
 18.10 council. The fiscal agent shall maintain three separate accounts: a council account, a  
 18.11 board account, and an escrow account. Proceeds shall be deposited first into the board and  
 18.12 council accounts based on the amounts determined pursuant to subdivision 3, then into  
 18.13 the escrow account. The rate of deposit for all or any portion of the proceeds into any  
 18.14 account may be modified by mutual agreement of the parties to reflect bond covenants  
 18.15 or cash flow needs. Proceeds deposited into the board and council accounts shall be  
 18.16 transferred to the board and council, respectively, within five business days of receipt.  
 18.17 Unless otherwise directed herein, money held in the escrow account is subject to the joint  
 18.18 certification process under subdivision 3.

18.19 **EFFECTIVE DATE.** This section is effective July 1, 2014, and applies in the  
 18.20 counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

## 18.21 **ARTICLE 4**

### 18.22 **OTHER TAXES**

18.23 Section 1. Minnesota Statutes 2012, section 162.07, subdivision 1a, is amended to read:

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

18.28 (b) The apportionment sum is calculated ~~by subtracting the excess sum, as calculated~~  
 18.29 ~~in paragraph (e), from~~ as 68 percent of the distribution amount.

18.30 (c) The excess sum is calculated as ~~the sum of revenue within~~ 32 percent of the  
 18.31 distribution amount.

18.32 ~~(1) attributed to that portion of the gasoline excise tax rate under section 296A.07,~~  
 18.33 ~~subdivision 3, in excess of 20 cents per gallon, and to that portion of the excise tax rates~~  
 18.34 ~~in excess of the energy equivalent of a gasoline excise tax rate of 20 cents per gallon~~

19.1 for E85 and M85 under section 296A.07, subdivision 3, and special fuel under section  
 19.2 296A.08, subdivision 2;

19.3 (2) attributed to a change in the passenger vehicle registration tax under section  
 19.4 168.013, imposed on or after July 1, 2008, that exceeds (i) the amount collected in fiscal  
 19.5 year 2008, multiplied by (ii) the annual average United States Consumer Price Index for  
 19.6 the calendar year previous to the current calendar year, divided by the annual average  
 19.7 United States Consumer Price Index for calendar year 2007; and

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

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

19.13 **EFFECTIVE DATE.** This section is effective October 1, 2014.

19.14 Sec. 2. Minnesota Statutes 2013 Supplement, section 297A.815, subdivision 3, is  
 19.15 amended to read:

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

19.18 (1) the revenues, including interest and penalties, collected under this section, during  
 19.19 the fiscal year; less

19.20 (2) in fiscal year 2011, \$30,100,000; in fiscal year 2012, \$31,100,000; and in fiscal  
 19.21 year 2013 and following fiscal years, \$32,000,000.

19.22 (b) On or before June 30 of each fiscal year, the commissioner of revenue shall  
 19.23 estimate the amount of the revenues and subtraction under paragraph (a) for the current  
 19.24 fiscal year, including interest and penalties, collected under this section during the fiscal  
 19.25 year.

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

19.29 (1) ~~\$9,000,000 annually until January 1, 2016, and 50~~ 40 percent annually thereafter  
 19.30 to the county state-aid highway fund. Notwithstanding any other law to the contrary,  
 19.31 the commissioner of transportation shall allocate the funds transferred under this clause  
 19.32 to the counties in the metropolitan area, as defined in section 473.121, subdivision 4,  
 19.33 ~~excluding the counties of Hennepin and Ramsey,~~ so that each county shall receive of such  
 19.34 amount the percentage that its population, as defined in section 477A.011, subdivision 3,  
 19.35 estimated or established by July 15 of the year prior to the current calendar year, bears

20.1 to the total population of the counties receiving funds under this clause. For purposes of  
 20.2 this subdivision, in determining the population of Hennepin and Ramsey Counties, the  
 20.3 population base is adjusted to 50 percent of actual population; and

20.4 (2) ~~the remainder~~ 60 percent to the greater Minnesota transit account.

20.5 **EFFECTIVE DATE.** This section is effective January 1, 2016.

## 20.6 **ARTICLE 5**

### 20.7 **EFFICIENCY MEASURES**

20.8 Section 1. **[161.225] LOANS FOR LAND ACQUISITION FOR HIGHWAY**  
 20.9 **PROJECTS.**

20.10 Subdivision 1. **Account established.** The state right-of-way acquisition loan  
 20.11 account is created in the trunk highway fund for the purposes specified in this section.  
 20.12 Money in the account is annually appropriated to the commissioner and does not lapse.  
 20.13 Interest from the investment of money in this account must be deposited in the state  
 20.14 right-of-way acquisition loan account.

20.15 Subd. 2. **Loans.** (a) The commissioner may make loans to counties, towns, and  
 20.16 statutory and home rule charter cities for the purchase of property within the right-of-way  
 20.17 of a state trunk highway shown on an official map adopted pursuant to section 394.361 or  
 20.18 462.359, or for the purchase of property within the proposed right-of-way of a principal  
 20.19 or intermediate arterial highway. The loans shall be made from the fund established  
 20.20 pursuant to this subdivision for purchases approved by the commissioner. The loans  
 20.21 shall bear no interest.

20.22 (b) The commissioner shall make loans only:

20.23 (1) to accelerate the acquisition of primarily undeveloped property when there  
 20.24 is a reasonable probability that the property will increase in value before highway  
 20.25 construction, and to update an expired environmental impact statement on a project for  
 20.26 which the right-of-way is being purchased;

20.27 (2) to avert the imminent conversion or the granting of approvals which would allow  
 20.28 the conversion of property to uses which would jeopardize its availability for highway  
 20.29 construction;

20.30 (3) to advance planning and environmental activities on highest priority major  
 20.31 metropolitan river crossing projects under the transportation development guide chapter  
 20.32 policy plan; or

21.1 (4) to take advantage of open market opportunities when developed properties  
21.2 become available for sale, provided all parties involved are agreeable to the sale and  
21.3 funds are available.

21.4 (c) The commissioner shall not make loans for the purchase of property at a price  
21.5 which exceeds the fair market value of the property or which includes the costs of  
21.6 relocating or moving persons or property. The eminent domain process may be used to  
21.7 settle differences of opinion as to fair market value, provided all parties agree to the process.

21.8 (d) A private property owner may elect to receive the purchase price either  
21.9 in a lump sum or in not more than four annual installments without interest on the  
21.10 deferred installments. If the purchase agreement provides for installment payments,  
21.11 the commissioner shall make the loan in installments corresponding to those in the  
21.12 purchase agreement. The recipient of an acquisition loan shall convey the property for the  
21.13 construction of the highway at the same price which the recipient paid for the property. The  
21.14 price may include the costs of preparing environmental documents that were required for  
21.15 the acquisition and that were paid for with money that the recipient received from the loan  
21.16 fund. Upon notification by the commissioner that the plan to construct the highway has been  
21.17 abandoned or the anticipated location of the highway has changed, the recipient shall sell  
21.18 the property at market value in accordance with the procedures required for the disposition  
21.19 of the property. All rents and other money received because of the recipient's ownership  
21.20 of the property and all proceeds from the conveyance or sale of the property shall be paid  
21.21 to the commissioner. If a recipient is not permitted to include in the conveyance price the  
21.22 cost of preparing environmental documents that were required for the acquisition, then the  
21.23 recipient is not required to repay the commissioner an amount equal to 40 percent of the  
21.24 money received from the loan fund and spent in preparing the environmental documents.

21.25 (e) For administration of the loan program, the commissioner may expend from the  
21.26 fund each year an amount no greater than three percent of the amount of the proceeds for  
21.27 that year.

21.28 **Subd. 3. Loans for acquisition and relocation.** (a) The commissioner may  
21.29 make loans to acquiring authorities within the metropolitan area to purchase homestead  
21.30 property located in a proposed state trunk highway right-of-way or project, and to provide  
21.31 relocation assistance. Acquiring authorities are authorized to accept the loans and to  
21.32 acquire the property. Except as provided in this subdivision, the loans shall be made as  
21.33 provided in subdivision 2. Loans shall be in the amount of the fair market value of the  
21.34 homestead property plus relocation costs and less salvage value. Before construction of  
21.35 the highway begins, the acquiring authority shall convey the property to the commissioner

22.1 at the same price it paid, plus relocation costs and less its salvage value. Acquisition and  
 22.2 assistance under this subdivision must conform to sections 117.50 to 117.56.

22.3 (b) The commissioner may make loans only when:

22.4 (1) the owner of affected homestead property requests acquisition and relocation  
 22.5 assistance from an acquiring authority;

22.6 (2) federal or state financial participation is not available;

22.7 (3) the owner is unable to sell the homestead property at its appraised market value  
 22.8 because the property is located in a proposed state trunk highway right-of-way or project as  
 22.9 indicated on an official map or plat adopted under section 160.085, 394.361, or 462.359; and

22.10 (4) the commissioner agrees to and approves the fair market value of the homestead  
 22.11 property, which approval shall not be unreasonably withheld.

22.12 (c) For purposes of this subdivision, the following terms have the meanings given  
 22.13 them.

22.14 (1) "Acquiring authority" means counties, towns, and statutory and home rule  
 22.15 charter cities.

22.16 (2) "Homestead property" means: (i) a single-family dwelling occupied by the  
 22.17 owner, and the surrounding land, not exceeding a total of ten acres; or (ii) a manufactured  
 22.18 home, as defined in section 327B.01, subdivision 13.

22.19 (3) "Salvage value" means the probable sale price of the dwelling and other property  
 22.20 that is severable from the land if offered for sale on the condition that it be removed from  
 22.21 the land at the buyer's expense, allowing a reasonable time to find a buyer with knowledge  
 22.22 of the possible uses of the property, including separate use of serviceable components and  
 22.23 scrap when there is no other reasonable prospect of sale.

22.24 **EFFECTIVE DATE.** This section is effective January 1, 2015.

22.25 Sec. 2. **[174.53] FEDERAL FUND FLEXIBILITY PROGRAM.**

22.26 The commissioner shall establish a program to allow greater flexibility and  
 22.27 efficiency in the allocation of federal funds for state-aid transportation projects. The  
 22.28 commissioner shall:

22.29 (1) establish and administer selection criteria and a process under which a local unit  
 22.30 of government that would otherwise receive federal funds for a local transportation project  
 22.31 would be able to finance the project with state funds instead of federal funds;

22.32 (2) redirect the unused federal funds to transportation projects for which federal  
 22.33 funds could be utilized by the state more efficiently and productively;

22.34 (3) achieve a reasonable degree of equity among the department districts in  
 22.35 distributing funds under the program;

- 23.1 (4) ensure that the state's receipt of federal funds for transportation projects is not  
 23.2 jeopardized by the program; and  
 23.3 (5) exchange funds for 25 projects annually.

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

23.5 Sec. 3. Minnesota Statutes 2012, section 174.56, subdivision 1, is amended to read:

23.6 Subdivision 1. **Report required.** (a) The commissioner of transportation shall  
 23.7 submit a report by December 15 of each year on (1) the status of major highway projects  
 23.8 completed during the previous two years or under construction or planned during the year  
 23.9 of the report and for the ensuing 15 years, ~~and~~ (2) trunk highway fund expenditures, and  
 23.10 (3) efficiency measures.

23.11 (b) For purposes of this section, a "major highway project" is a highway project that  
 23.12 has a total cost for all segments that the commissioner estimates at the time of the report  
 23.13 to be at least (1) \$15,000,000 in the metropolitan highway construction district, or (2)  
 23.14 \$5,000,000 in any nonmetropolitan highway construction district.

23.15 Sec. 4. Minnesota Statutes 2012, section 174.56, is amended by adding a subdivision  
 23.16 to read:

23.17 **Subd. 2b. Report contents; efficiency measures.** The commissioner shall include  
 23.18 in the report information on efficiencies implemented in the previous year with an  
 23.19 explanation of measures used to calculate efficiency-related savings. The calculation must  
 23.20 include the impact of the state right-of-way acquisition loan account in the trunk highway  
 23.21 fund, the use of the right-of-way acquisition loan fund in the seven-county metropolitan  
 23.22 area, and the allocation of federal funds for state-aid projects. The report must calculate  
 23.23 the value of the savings achieved and report on the planned uses of the dollars saved.

23.24 Sec. 5. Minnesota Statutes 2012, section 473.167, is amended to read:

23.25 **473.167 HIGHWAY AND TRANSIT PROJECTS.**

23.26 Subd. 2. **Loans for acquisition.** (a) The council may make loans to counties, towns,  
 23.27 and statutory and home rule charter cities within the metropolitan area for the purchase of  
 23.28 property within the right-of-way of a state trunk highway shown on an official map adopted  
 23.29 pursuant to section 394.361 or 462.359 ~~or~~ or for the purchase of property within the proposed  
 23.30 right-of-way of a principal or intermediate arterial highway designated by the council as a  
 23.31 part of the metropolitan highway system plan and approved by the council pursuant to  
 23.32 section 473.166, or for the purchase of property needed for proposed transit-related capital

24.1 improvements, including transitways designated in the council's most recent transportation  
24.2 policy plan. The loans shall be made by the council, from the fund established pursuant to  
24.3 this subdivision, for purchases approved by the council. The loans shall bear no interest.

24.4 (b) The council shall make loans only:

24.5 (1) to accelerate the acquisition of primarily undeveloped property when there  
24.6 is a reasonable probability that the property will increase in value before highway or  
24.7 transit-related construction, and to update an expired environmental impact statement on  
24.8 a project for which the right-of-way is being purchased;

24.9 (2) to avert the imminent conversion or the granting of approvals which would allow  
24.10 the conversion of property to uses which would jeopardize its availability for highway or  
24.11 transit-related construction;

24.12 (3) to advance planning and environmental activities on highest priority major  
24.13 metropolitan river crossing projects, under the transportation development guide  
24.14 chapter/policy plan; or

24.15 (4) to take advantage of open market opportunities when developed properties  
24.16 become available for sale, provided all parties involved are agreeable to the sale and  
24.17 funds are available.

24.18 (c) The council shall not make loans for the purchase of property at a price which  
24.19 exceeds the fair market value of the property or which includes the costs of relocating or  
24.20 moving persons or property. The eminent domain process may be used to settle differences  
24.21 of opinion as to fair market value, provided all parties agree to the process.

24.22 (d) A private property owner may elect to receive the purchase price either in a  
24.23 lump sum or in not more than four annual installments without interest on the deferred  
24.24 installments. If the purchase agreement provides for installment payments, the council  
24.25 shall make the loan in installments corresponding to those in the purchase agreement. The  
24.26 recipient of an acquisition loan shall convey the property for the construction of the highway  
24.27 at the same price which the recipient paid for the property. The price may include the costs  
24.28 of preparing environmental documents that were required for the acquisition and that were  
24.29 paid for with money that the recipient received from the loan fund. Upon notification by  
24.30 the council that the plan to construct the highway or transit project has been abandoned or  
24.31 the anticipated location of the highway or transit project changed, the recipient shall sell  
24.32 the property at market value in accordance with the procedures required for the disposition  
24.33 of the property. All rents and other money received because of the recipient's ownership  
24.34 of the property and all proceeds from the conveyance or sale of the property shall be paid  
24.35 to the council. If a recipient is not permitted to include in the conveyance price the cost  
24.36 of preparing environmental documents that were required for the acquisition, then the

25.1 recipient is not required to repay the council an amount equal to 40 percent of the money  
25.2 received from the loan fund and spent in preparing the environmental documents.

25.3 (e) The proceeds of the tax authorized by subdivision 3, all money paid to the  
25.4 council by recipients of loans, and all interest on the proceeds and payments shall be  
25.5 maintained as a separate fund. For administration of the loan program, the council may  
25.6 expend from the fund each year an amount no greater than three percent of the amount of  
25.7 the proceeds for that year.

25.8 Subd. 2a. **Loans for acquisition and relocation.** (a) The council may make loans  
25.9 to acquiring authorities within the metropolitan area to purchase homestead property  
25.10 located in a proposed state trunk highway right-of-way or project or transit-related project,  
25.11 and to provide relocation assistance. Acquiring authorities are authorized to accept the  
25.12 loans and to acquire the property. Except as provided in this subdivision, the loans shall  
25.13 be made as provided in subdivision 2. Loans shall be in the amount of the fair market  
25.14 value of the homestead property plus relocation costs and less salvage value. Before  
25.15 construction of the highway or transit-related project begins, the acquiring authority shall  
25.16 convey the property to the commissioner of transportation or council at the same price it  
25.17 paid, plus relocation costs and less its salvage value. Acquisition and assistance under this  
25.18 subdivision must conform to sections 117.50 to 117.56.

25.19 (b) The council may make loans only when:

25.20 (1) the owner of affected homestead property requests acquisition and relocation  
25.21 assistance from an acquiring authority;

25.22 (2) federal or state financial participation is not available;

25.23 (3) the owner is unable to sell the homestead property at its appraised market  
25.24 value because the property is located in a proposed state trunk highway right-of-way or  
25.25 project as indicated on an official map or plat adopted under section 160.085, 394.361,  
25.26 or 462.359, or transit-related project; and

25.27 (4) the council agrees to and approves the fair market value of the homestead  
25.28 property, which approval shall not be unreasonably withheld.

25.29 (c) For purposes of this subdivision, the following terms have the meanings given  
25.30 them.

25.31 (1) "Acquiring authority" means counties, towns, and statutory and home rule  
25.32 charter cities in the metropolitan area.

25.33 (2) "Homestead property" means: (i) a single-family dwelling occupied by the  
25.34 owner, and the surrounding land, not exceeding a total of ten acres; or (ii) a manufactured  
25.35 home, as defined in section 327B.01, subdivision 13.

26.1 (3) "Salvage value" means the probable sale price of the dwelling and other property  
26.2 that is severable from the land if offered for sale on the condition that it be removed from  
26.3 the land at the buyer's expense, allowing a reasonable time to find a buyer with knowledge  
26.4 of the possible uses of the property, including separate use of serviceable components and  
26.5 scrap when there is no other reasonable prospect of sale.

26.6 Subd. 3. **Tax.** The council may levy a tax on all taxable property in the metropolitan  
26.7 area, as defined in section 473.121, to provide funds for loans made pursuant to  
26.8 subdivisions 2 and 2a. This tax for the right-of-way acquisition loan fund shall be certified  
26.9 by the council, levied, and collected in the manner provided by section 473.13. The tax  
26.10 shall be in addition to that authorized by section 473.249 and any other law and shall not  
26.11 affect the amount or rate of taxes which may be levied by the council or any metropolitan  
26.12 agency or local governmental unit. The amount of the levy shall be as determined and  
26.13 certified by the council, provided that the tax levied by the Metropolitan Council for the  
26.14 right-of-way acquisition loan fund shall not exceed ~~\$2,828,379 for taxes payable in 2004~~  
26.15 ~~and \$2,828,379 for taxes payable in 2005.~~ The amount of the levy for taxes payable in  
26.16 ~~2006 and subsequent years shall not exceed~~ the product of (1) the Metropolitan Council's  
26.17 property tax levy limitation under this subdivision for the previous year, multiplied by  
26.18 (2) one plus a percentage equal to the growth in the implicit price deflator as defined  
26.19 in section 275.70, subdivision 2.

26.20 Subd. 4. **State review.** The commissioner of revenue shall certify the council's levy  
26.21 limitation under this section to the council by August 1 of the levy year. The council must  
26.22 certify its proposed property tax levy to the commissioner of revenue by September 1 of  
26.23 the levy year. The commissioner of revenue shall annually determine whether the property  
26.24 tax for the right-of-way acquisition loan fund certified by the Metropolitan Council for  
26.25 levy following the adoption of its proposed budget is within the levy limitation imposed  
26.26 by this section. The determination must be completed prior to September 10 of each year.  
26.27 If current information regarding market valuation in any county is not transmitted to the  
26.28 commissioner in a timely manner, the commissioner may estimate the current market  
26.29 valuation within that county for purposes of making the calculation.

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

26.31 Sec. 6. Minnesota Statutes 2012, section 473.3925, is amended to read:

26.32 **473.3925 BUS AND VEHICLE PURCHASES.**



28.1 Subd. 3. **Funding requirement for greater Minnesota.** (a) In each federal fiscal  
28.2 year, the commissioner shall spend a total amount in federal transportation funds for  
28.3 an active transportation competitive grant program in greater Minnesota that totals a  
28.4 minimum of \$16,000,000 in excess of the average annual spending on greater Minnesota  
28.5 transportation alternatives projects in federal fiscal years between October 2009 and  
28.6 September 2012. This requirement must not reduce the amount of federal transportation  
28.7 funding for metropolitan projects.

28.8 (b) Grant funds will be made available to cities, counties, and townships for safe  
28.9 routes to school infrastructure, bicycle and pedestrian elements of a main streets program,  
28.10 and planning activities and construction and maintenance of bicycle, trail, and pedestrian  
28.11 infrastructure. The commissioner shall establish criteria for the competitive grant program  
28.12 and a transparent process for soliciting proposals and awarding grants.

28.13 **EFFECTIVE DATE.** This section is effective October 1, 2014.

28.14 Sec. 3. **[473.41] TRANSIT SHELTERS AND STOPS.**

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

28.17 (b) "Transit authority" means:

28.18 (1) a statutory or home rule charter city, with respect to rights-of-way at bus stop and  
28.19 train stop locations, transit shelters, and transit passenger seating facilities owned by the  
28.20 city or established pursuant to a vendor contract with the city;

28.21 (2) the Metropolitan Council, with respect to transit shelters and transit passenger  
28.22 seating facilities owned by the council or established pursuant to a vendor contract with  
28.23 the council; or

28.24 (3) a replacement service provider under section 473.388, with respect to  
28.25 rights-of-way at bus stop and train stop locations, transit shelters, and transit passenger  
28.26 seating facilities owned by the provider or established pursuant to a vendor contract  
28.27 with the provider.

28.28 (c) "Transit shelter" means a wholly or partially enclosed structure provided for  
28.29 public use as a waiting area in conjunction with light rail transit, bus rapid transit, or  
28.30 regular route transit.

28.31 Subd. 2. **Design.** (a) A transit authority shall establish design specifications for  
28.32 establishment and replacement of its transit shelters, which must include:

28.33 (1) engineering standards, as appropriate;

29.1 (2) maximization of protection from the wind, snow, and other elements, including  
 29.2 but not limited to: (i) entrances that are equivalently sized to regular doorways; and (ii)  
 29.3 other than entrances, a fully enclosed facility;

29.4 (3) to the extent feasible, inclusion of warming capability at each shelter in which  
 29.5 there is a proportionally high number of transit service passenger boardings; and

29.6 (4) full accessibility for the elderly and persons with disabilities.

29.7 (b) The council shall consult with the Transportation Accessibility Advisory  
 29.8 Committee.

29.9 Subd. 3. **Maintenance.** A transit authority shall ensure that bus stops and transit  
 29.10 shelters are maintained in good working order and are accessible to all users of the transit  
 29.11 system. This requirement includes but is not limited to:

29.12 (1) keeping transit shelters reasonably clean and free from graffiti; and

29.13 (2) removing snow and ice in a manner that provides accessibility for the elderly and  
 29.14 persons with disabilities to be able to enter and exit transit shelters, and board and exit  
 29.15 transit buses and trains at the regular boarding and exit points at each stop.

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

29.17 Sec. 4. Minnesota Statutes 2012, section 473.915, is amended to read:

29.18 **473.915 PROCUREMENTS.**

29.19 Subdivision 1. **Review by Legislative Advisory Commission.** All proposed  
 29.20 Metropolitan Council procurements over \$125,000,000 must be reviewed by the  
 29.21 members of the Legislative Advisory Commission under section 3.30 and the ranking  
 29.22 minority members of the house of representatives and senate committees or divisions  
 29.23 responsible for overseeing the items subject to the proposed procurement. The chair  
 29.24 of the Metropolitan Council shall give notice to the Legislative Advisory Commission  
 29.25 secretary when a procurement over \$125,000,000 is being considered. The commission  
 29.26 shall take testimony on the procurements.

29.27 Subd. 2. **Review by Transportation Accessibility Advisory Committee.**

29.28 The council shall consult with the Transportation Accessibility Advisory Committee  
 29.29 concerning all proposed Metropolitan Council procurements of transit vehicles and shall  
 29.30 consider the committee's input before ordering vehicles.

29.31 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 29.32 and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and  
 29.33 Washington.

APPENDIX  
Article locations in H2395-1

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ARTICLE 2	GROSS RECEIPTS TAX .....	Page.Ln 3.20
ARTICLE 3	METROPOLITAN AREA SALES TAX FOR TRANSIT .....	Page.Ln 9.4
ARTICLE 4	OTHER TAXES .....	Page.Ln 18.21
ARTICLE 5	EFFICIENCY MEASURES .....	Page.Ln 20.6
ARTICLE 6	TRANSPORTATION POLICY .....	Page.Ln 27.18