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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 5114

03/21/2024 Authored by Elkins and Hanson, J., The bill was read for the first time and referred to the Committee on Transportation Finance and Policy

1.1 A bill for an act
1.2 relating to local government; authorizing several financing mechanisms for local
1.3 governments to pay for transportation infrastructure; proposing coding for new
1.4 law in Minnesota Statutes, chapter 429.

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

1.6 Section 1. 429.40 TRANSPORTATION INFRASTRUCTURE.

1.7 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
1.8 the meanings given.

1.9 (b) "Local government" means a home rule charter or statutory city, a town, or a county.

1.10 (c) "Transportation infrastructure" or "infrastructure" means a publicly owned
1.11 improvement that serves the purpose of facilitating vehicular traffic, including improvements
1.12 intended for public transit.

1.13 Subd. 2. Authorization. A local government may build, construct, reconstruct, repair,
1.14 enlarge, improve, maintain, or in any other manner obtain transportation infrastructure and
1.15 acquire by gift, purchase, lease, condemnation, or otherwise any and all land and easements
1.16 required for that purpose. The authority hereby granted is in addition to all other powers
1.17 with reference to the transportation infrastructure otherwise granted by the laws of this state
1.18 or by the charter of any local government.

1.19 Subd. 3. Financing. (a) For the purpose of paying the cost of building, constructing,
1.20 reconstructing, repairing, enlarging, improving, maintaining, or in any other manner obtaining
1.21 transportation infrastructure, a local government may:

2.1 (1) issue and sell its general obligations, which may be made payable primarily from  
2.2 taxes or from special assessments to be levied to pay the cost of the transportation  
2.3 infrastructure or from net revenues derived from charges authorized in this section or from  
2.4 other nontax revenues pledged for their payment under charter or other statutory authority,  
2.5 or from two or more of the sources; or

2.6 (2) issue special obligations, payable solely from taxes or special assessments or from  
2.7 revenues, or from two or more of the sources.

2.8 (b) Real estate tax revenues may be used, and then on a temporary basis, to pay general  
2.9 or special obligations only when the other revenues are insufficient to meet the obligations.  
2.10 All obligations must be issued and sold in accordance with chapter 475.

2.11 (c) When special assessments are pledged for the payment of the obligations, they must  
2.12 be authorized and issued in accordance with the provisions of this chapter, or of the local  
2.13 government's charter if it authorizes these obligations and the local government determines  
2.14 to proceed under the charter.

2.15 (d) When net revenues from charges are pledged to the payment of the obligations,  
2.16 together with or apart from taxes and special assessments, the pledge must be made in  
2.17 accordance with the provisions of subdivision 4.

2.18 **Subd. 4. Transportation infrastructure charges; net revenues.** (a) A local government  
2.19 may impose just and equitable charges by ordinance against property abutting transportation  
2.20 infrastructure to pay for the construction, reconstruction, repair, enlargement, improvement,  
2.21 maintenance, or other obtainment of the infrastructure.

2.22 (b) The ordinance must specify the formula by which the costs of the transportation  
2.23 infrastructure will be apportioned. The formula for determining the charges must provide  
2.24 for credits offsetting part or all of the charges that reflect what new property development  
2.25 may contribute in the form of taxes, other fees, dedications, or other contributions toward  
2.26 transportation infrastructure.

2.27 (c) The charges may be fixed:

2.28 (1) by property classification;

2.29 (2) by reference to the square footage of the property charged; or

2.30 (3) on any other equitable basis, including any combination of equitable bases in this  
2.31 subdivision.

3.1 Subd. 5. **Who may be charged; unpaid charges.** The local government may make the  
3.2 charges a charge against the property owner, lessee, occupant, or all of them, and may  
3.3 provide and covenant for certifying unpaid charges to the county auditor with taxes against  
3.4 the property served for collection as other taxes are collected.

3.5 Subd. 6. **Tax levies for public charges.** The local government may fix and levy taxes  
3.6 for the payment of reasonable charges to the local government itself for the use and  
3.7 availability of the transportation infrastructure for emergency services and public transit.

3.8 Subd. 7. **Reasonableness of charges.** In determining the reasonableness of the charges  
3.9 to be imposed, the local government may give consideration to all costs of the establishment,  
3.10 operation, maintenance, depreciation and necessary replacement of the transportation  
3.11 infrastructure, and of improvements, enlargements, and extensions necessary to adequately  
3.12 serve the territory of the local government, including the principal and interest to become  
3.13 due on obligations issued or to be issued and the costs of obtaining and complying with  
3.14 permits required by law.

3.15 Subd. 8. **Collections first for current costs.** All charges, when collected, must be placed  
3.16 in a separate fund and used first to pay the normal, reasonable, and current costs of  
3.17 maintaining the transportation infrastructure.

3.18 Subd. 9. **Excess net revenues may be used for debt.** The net revenues received in  
3.19 excess of the costs may be pledged by resolutions of the local government or may be used,  
3.20 though not so pledged, for the payment of principal and interest on obligations issued as  
3.21 provided in subdivision 3 or to pay the portion of the principal and interest as may be directed  
3.22 in the resolutions.

3.23 Subd. 10. **Covenants to secure debt payments.** In resolutions authorizing the issuance  
3.24 of either general or special obligations, the governing body may make covenants for the  
3.25 protection of holders of the obligations and taxpayers of the local government as it deems  
3.26 necessary, including but not limited to a covenant that the local government will impose  
3.27 and collect charges of the nature authorized by this section at the times and in the amounts  
3.28 required to produce, together with any taxes or special assessments designated as a primary  
3.29 source of payment of the obligations, net revenues adequate to pay all principal and interest  
3.30 when due on the obligations and to create and maintain reserves securing the payments as  
3.31 may be provided in the resolutions.

3.32 Subd. 11. **Enforceability of covenant.** When a covenant is made it is enforceable by  
3.33 appropriate action on the part of any holder of the obligations or any taxpayer of the local  
3.34 government in a court of competent jurisdiction, and the obligations are deemed to be

4.1 payable wholly from the income of the system whose revenues are so pledged, within the  
4.2 meaning of sections 475.51 and 475.58.

4.3 Subd. 12. **Levy assessments.** The local government may levy assessments against  
4.4 property with the local government limits benefited by the transportation infrastructure  
4.5 under the procedure authorized by law or charter with reference to other assessments for  
4.6 benefits of local improvements, may transfer and use for the purposes hereof surplus funds  
4.7 of the local government not specifically dedicated to another purpose, and may levy taxes  
4.8 on property within the local government limits for the purposes.