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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. **5138**

03/21/2024 Authored by Skraba and Myers  
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 transportation; allowing the use of dedicated transportation revenues  
1.3 for local government debt service; amending Minnesota Statutes 2022, section  
1.4 162.145, subdivision 5; Minnesota Statutes 2023 Supplement, sections 162.146,  
1.5 by adding a subdivision; 174.49, subdivision 6.

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

1.7 Section 1. Minnesota Statutes 2022, section 162.145, subdivision 5, is amended to read:

1.8 Subd. 5. **Use of funds.** (a) Funds distributed under this section are available only for  
1.9 construction and maintenance of roads located within the city, including:

1.10 (1) land acquisition, environmental analysis, design, engineering, construction,  
1.11 reconstruction, and maintenance;

1.12 (2) road projects partially located within the city;

1.13 (3) projects on county state-aid highways located within the city; ~~and~~

1.14 (4) cost participation on road projects under the jurisdiction of another unit of  
1.15 government; and

1.16 (5) debt service for obligations issued by the city in accordance with chapter 475, provided  
1.17 that the obligations are issued for a use allowable under this section.

1.18 (b) Except for projects under paragraph (a), clause (3), funds distributed under this  
1.19 section are not subject to state-aid requirements under this chapter, including but not limited  
1.20 to engineering standards adopted by the commissioner in rules.

2.1 Sec. 2. Minnesota Statutes 2023 Supplement, section 162.146, is amended by adding a  
2.2 subdivision to read:

2.3 Subd. 3. Use of funds. (a) Funds distributed under this section are available only for  
2.4 construction and maintenance of roads located within the city, including:

2.5 (1) land acquisition, environmental analysis, design, engineering, construction,  
2.6 reconstruction, and maintenance;

2.7 (2) road projects partially located within the city;

2.8 (3) projects on county state-aid highways located within the city;

2.9 (4) cost participation on road projects under the jurisdiction of another unit of government;  
2.10 and

2.11 (5) debt service for obligations issued by the city in accordance with chapter 475, provided  
2.12 that the obligations are issued for a use allowable under this section.

2.13 (b) Except for projects under paragraph (a), clause (3), funds distributed under this  
2.14 section are not subject to state-aid requirements under this chapter, including but not limited  
2.15 to engineering standards adopted by the commissioner in rules.

2.16 Sec. 3. Minnesota Statutes 2023 Supplement, section 174.49, subdivision 6, is amended  
2.17 to read:

2.18 Subd. 6. **Metropolitan counties; use of funds.** (a) A metropolitan county must use  
2.19 funds that are received under subdivision 5 as follows:

2.20 (1) 41.5 percent for active transportation and transportation corridor safety studies;

2.21 (2) 41.5 percent for:

2.22 (i) repair, preservation, and rehabilitation of transportation systems; and

2.23 (ii) roadway replacement to reconstruct, reclaim, or modernize a corridor without adding  
2.24 traffic capacity, except for auxiliary lanes with a length of less than 2,500 feet; and

2.25 (3) 17 percent for any of the following:

2.26 (i) transit purposes, including but not limited to operations, maintenance, capital  
2.27 maintenance, demand response service, and assistance to replacement service providers  
2.28 under section 473.388;

2.29 (ii) complete streets projects, as provided under section 174.75; and

3.1 (iii) projects, programs, or operations activities that meet the requirements of a mitigation  
3.2 action under section 161.178, subdivision 4.

3.3 (b) Funds under paragraph (a), clause (3), must supplement and not supplant existing  
3.4 sources of revenue.

3.5 (c) A metropolitan county may use funds that are received under subdivision 5 as debt  
3.6 service for obligations issued by the county in accordance with chapter 475, provided that  
3.7 the obligations are issued for a use allowable under this section.