

A bill for an act  
relating to transportation; increasing motor fuel tax rates and providing for  
annual adjustments; expanding authority of counties to levy wheelage taxes;  
increasing base tax on passenger automobiles; authorizing counties to impose  
sales tax for transportation purposes; authorizing cities and counties to impose  
transportation impact fees; authorizing issuance of state trunk highway bonds for  
trunk highway improvements; authorizing issuance of state transportation bonds  
for construction and reconstruction of key local bridges; modifying distribution  
of county state-aid highway fund; exempting certain criteria from Administrative  
Procedure Act; making clarifying changes; appropriating money; amending  
Minnesota Statutes 2006, sections 162.07, subdivision 1, by adding subdivisions;  
163.051; 168.013, subdivision 1a; 174.52, subdivision 5; 296A.07, subdivision  
3; 296A.08, subdivision 2; proposing coding for new law in Minnesota Statutes,  
chapters 296A; 297A; 426.

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

**ARTICLE 1**  
**MOTOR FUEL TAXES**

Section 1. Minnesota Statutes 2006, section 296A.07, subdivision 3, is amended to  
read:

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

(1) E85 is taxed at the rate of ~~14.2~~ 17.75 cents per gallon before June 1, 2008, and  
21.3 cents per gallon after May 31, 2008;

(2) M85 is taxed at the rate of ~~11.4~~ 14.25 cents per gallon before June 1, 2008, and  
17.1 cents per gallon after May 31, 2008; and

(3) all other gasoline is taxed at the rate of ~~20~~ 25 cents per gallon before June 1,  
2008, and 30 cents per gallon after May 31, 2008.

**EFFECTIVE DATE.** This section is effective June 1, 2007.

**H.F. No. 946, as introduced - 85th Legislative Session (2007-2008)**

Sec. 2. Minnesota Statutes 2006, section 296A.08, subdivision 2, is amended to read:

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

(a) Liquefied petroleum gas or propane is taxed at the rate of ~~15~~ 18.75 cents per gallon before June 1, 2008, and 22.5 cents per gallon after May 31, 2008.

(b) Liquefied natural gas is taxed at the rate of ~~12~~ 15 cents per gallon before June 1, 2008, and 18 cents per gallon after May 31, 2008.

(c) Compressed natural gas is taxed at the rate of ~~\$1.739~~ \$2.174 per thousand cubic feet, ~~or 20 25 cents per gasoline equivalent, before June 1, 2008, and \$2.609 per thousand cubic feet, or 30 cents per gasoline equivalent after May 31, 2008. For purposes of this paragraph, "gasoline equivalent," as defined by the National Conference on Weights and Measures, which is 5.66 pounds of natural gas.~~

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

**EFFECTIVE DATE.** This section is effective June 1, 2007.

Sec. 3. **[296A.081] ANNUAL ADJUSTMENT.**

(a) On April 1, 2009, and each April 1 thereafter, the commissioner of revenue shall recompute and publish the rate of each fuel tax provided for in section 296A.07, subdivision 3, and 296A.08, subdivision 2. The new rate for each such tax must be calculated by multiplying the rate in effect at the time of the calculation by an amount obtained under paragraph (b). The new rate must be rounded to the nearest 0.1 cent and is effective on June 1 of each year.

(b) Divide the annual average United States Consumer Price Index for all urban consumers, United States city average, as determined by the United States Department of Labor for the previous year by that annual average for the year before the previous year.

(c) By a majority vote, the legislature may suspend the annual adjustment for any particular year or years.

**EFFECTIVE DATE.** This section is effective April 1, 2009.

**ARTICLE 2**

**MOTOR VEHICLE TAXES**

Section 1. Minnesota Statutes 2006, section 163.051, is amended to read:

**163.051 METROPOLITAN COUNTY WHEELAGE TAX.**

**H.F. No. 946, as introduced - 85th Legislative Session (2007-2008)**

Subdivision 1. **Tax authorized.** The board of commissioners of each ~~metropolitan~~ county is authorized to levy a wheelage tax of \$5 ~~for the year 1972 and each subsequent year thereafter by resolution~~ up to \$20 on each motor vehicle, except motorcycles as defined in section 169.01, subdivision 4, ~~which~~ that is kept in ~~such~~ the county when not in operation and ~~which~~ that is subject to annual registration and taxation under chapter 168. The board may provide by resolution for collection of the wheelage tax by county officials or it may request that the tax be collected by the state registrar ~~of motor vehicles~~, and the state registrar ~~of motor vehicles~~ shall collect ~~such~~ the tax on behalf of the county if requested, as provided in subdivision 2.

Subd. 2. **Collection by registrar ~~of motor vehicles~~.** The wheelage tax levied by ~~any metropolitan~~ a county, if made collectible by the state registrar ~~of motor vehicles~~, ~~shall~~ must be certified by the county auditor to the registrar not later than August 1 in the year before the calendar year or years for which the tax is levied, and the registrar shall collect ~~such~~ the tax with the ~~motor vehicle taxes~~ registration on the each affected vehicles vehicle for ~~such that year or years~~. Every owner and every operator of ~~such~~ a motor vehicle subject to the wheelage tax shall furnish to the registrar all information requested by the registrar. ~~No~~ A state motor vehicle tax on ~~any such a~~ motor vehicle ~~for any such year shall~~ may not be received or deemed paid unless the applicable wheelage tax is paid therewith. ~~The proceeds of the wheelage tax levied by any metropolitan county, less any amount retained by the registrar to pay costs of collection of the wheelage tax, shall be paid to the commissioner of finance and deposited in the state treasury to the credit of the county wheelage tax fund of each metropolitan county.~~

Subd. 2a. **Tax proceeds deposited; costs of collection; appropriation.** Notwithstanding ~~the provisions of~~ any other law, the state registrar ~~of motor vehicles~~ shall deposit the proceeds of the wheelage tax imposed by subdivision 2, to the credit of the ~~county wheelage tax~~ road and bridge fund of each ~~metropolitan~~ county levying the tax. The amount necessary to pay the costs of ~~collection of said~~ collecting the tax is appropriated to the registrar from the ~~county wheelage tax~~ road and bridge fund of each ~~metropolitan county to the state registrar of motor vehicles~~ levying the tax.

~~Subd. 3. **Distribution to metropolitan county; appropriation.** On or before April 1 in 1972 and each subsequent year, the commissioner of finance shall issue a warrant in favor of the treasurer of each metropolitan county for which the registrar has collected a wheelage tax in the amount of such tax then on hand in the county wheelage tax fund. There is hereby appropriated from the county wheelage tax fund each year, to each metropolitan county entitled to payments authorized by this section, sufficient moneys to make such payments.~~

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~~Subd. 4. **Use of tax.** The treasurer of each metropolitan county receiving moneys under subdivision 3 shall deposit such moneys in the county road and bridge fund. The moneys shall be used for purposes authorized by law which are highway purposes within the meaning of the Minnesota Constitution, article 14.~~

~~Subd. 5. **Effect on road and bridge levy.** The county auditor of each metropolitan county shall reduce the amount of the property taxes levied pursuant to law in 1973 for collection in 1974, by the board of commissioners of such county for the county road and bridge fund, by the following amount: Anoka County, \$341,750; Carver County, \$86,725; Dakota County, \$386,165; Hennepin County, \$2,728,425; Ramsey County, \$1,276,815; Scott County, \$104,805; Washington County, \$227,220, and shall spread only the balance thereof on the tax rolls for collection in 1972. The county auditor shall also reduce the amount of such taxes levied pursuant to law in 1972 and any subsequent year, for collection in the respective ensuing years, by the amount of wheelage taxes received by the county in the 12 months immediately preceding such levy.~~

~~Subd. 6. **Metropolitan county defined.** "Metropolitan county" means any of the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.~~

~~Subd. 7. **Offenses; penalties; application of other laws.** Any owner or operator of a motor vehicle who shall willfully ~~give any~~ gives false information relative to the tax ~~herein~~ authorized under this section to the registrar ~~of motor vehicles~~ or any metropolitan county, or who shall willfully ~~fail or refuse~~ fails or refuses to furnish ~~any such~~ information, ~~shall be~~ is guilty of a misdemeanor. Except as otherwise ~~herein~~ provided in this section, the collection and payment of a wheelage tax and all related matters ~~relating thereto shall be~~ are subject to all provisions of law applicable laws relating to collection and payment of motor vehicle taxes ~~so far as applicable~~.~~

Sec. 2. Minnesota Statutes 2006, section 168.013, subdivision 1a, is amended to read:

Subd. 1a. **Passenger automobile; hearse.** (a) On passenger automobiles as defined in section 168.011, subdivision 7, and hearses, except as otherwise provided, the tax shall be ~~\$10~~ \$35 plus an additional tax equal to 1.25 percent of the base value.

(b) Subject to the classification provisions herein, "base value" means the manufacturer's suggested retail price of the vehicle including destination charge using list price information published by the manufacturer or determined by the registrar if no suggested retail price exists, and shall not include the cost of each accessory or item of optional equipment separately added to the vehicle and the suggested retail price.

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(c) If the manufacturer's list price information contains a single vehicle identification number followed by various descriptions and suggested retail prices, the registrar shall select from those listings only the lowest price for determining base value.

(d) If unable to determine the base value because the vehicle is specially constructed, or for any other reason, the registrar may establish such value upon the cost price to the purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales or use tax or any local sales or other local tax.

(e) The registrar shall classify every vehicle in its proper base value class as follows:

| FROM | TO        |
|------|-----------|
| \$ 0 | \$ 199.99 |
| 200  | 399.99    |

and thereafter a series of classes successively set in brackets having a spread of \$200 consisting of such number of classes as will permit classification of all vehicles.

(f) The base value for purposes of this section shall be the middle point between the extremes of its class.

(g) The registrar shall establish the base value, when new, of every passenger automobile and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31, using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry. If unable to ascertain the base value of any registered vehicle in the foregoing manner, the registrar may use any other available source or method. The registrar shall calculate tax using base value information available to dealers and deputy registrars at the time the application for registration is submitted. The tax on all previously registered vehicles shall be computed upon the base value thus determined taking into account the depreciation provisions of paragraph (h).

(h) The annual additional tax computed upon the base value as provided herein, during the first and second years of vehicle life shall be computed upon 100 percent of the base value; for the third and fourth years, 90 percent of such value; for the fifth and sixth years, 75 percent of such value; for the seventh year, 60 percent of such value; for the eighth year, 40 percent of such value; for the ninth year, 30 percent of such value; for the tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of \$25.

In no event shall the annual additional tax be less than \$25. The total tax under this subdivision shall not exceed \$189 for the first renewal period and shall not exceed \$99 for subsequent renewal periods. The total tax under this subdivision on any vehicle filing its initial registration in Minnesota in the second year of vehicle life shall not exceed \$189

\$214 and shall not exceed ~~\$99~~ \$124 for subsequent renewal periods. The total tax under this subdivision on any vehicle filing its initial registration in Minnesota in the third or subsequent year of vehicle life shall not exceed ~~\$99~~ \$124 and shall not exceed ~~\$99~~ \$124 in any subsequent renewal period.

(i) As used in this subdivision and section 168.017, the following terms have the meanings given: "initial registration" means the 12 consecutive months calendar period from the day of first registration of a vehicle in Minnesota; and "renewal periods" means the 12 consecutive calendar months periods following the initial registration period.

### **ARTICLE 3**

#### **SALES TAXES FOR TRANSPORTATION**

##### **Section 1. [297A.996] LOCAL SALES TAXES FOR TRANSPORTATION.**

Subdivision 1. **Authorization.** A county may by resolution impose a general sales tax on taxable sales within the county in addition to the taxes imposed under sections 297A.62 to 297A.64 and any other local sales taxes imposed in the county. Revenue from taxes authorized under this section may only be spent in accordance with subdivision 8.

Subd. 2. **Tax base.** The tax applies to sales taxable under this chapter that occur within the county. Taxable services are subject to a county's sales tax if they are performed either:

- (1) within the county; or
- (2) partly within and partly without the county and more of the service is performed within the county, based on the cost of performance.

Subd. 3. **Use tax.** A compensating use tax applies, at the same rate as the sales tax, on the use, storage, distribution, or consumption of tangible personal property or taxable services.

Subd. 4. **Rate of tax.** (a) The county board shall by resolution set the rate of the tax, which except as provided in paragraph (b) may not exceed one-half of one percent.

(b) In lieu of imposing the tax authorized under this section at the rate provided in paragraph (a) on motor vehicles purchased by a retail consumer from any person engaged within the county in the business of selling motor vehicles at retail, the county board shall set the tax rate at not more than \$20 for each such taxable sale.

Subd. 5. **Taxable price.** For purposes of the tax authorized under this section the "taxable price" of a retail sale does not include the state sales tax or any sales tax imposed by a city within the county on that sale.

Subd. 6. **Application of other laws.** (a) Section 297A.99, subdivisions 7, 9, 10, and 11, apply to taxes authorized under this section.

(b) The commissioner has the same powers to assess and collect the taxes as are given the commissioner in chapters 270, 289A, and 297A to assess and collect sales and use taxes.

Subd. 7. **Joint powers agreements.** Two or more counties may enter into a joint powers agreement and establish a joint powers board under section 471.59 to exercise the powers granted to individual counties under subdivision 1.

Subd. 8. **Use of revenue.** A county receiving revenue from a tax imposed under subdivision 1 may use the revenue only for:

(1) design, engineering, acquisition of real property, construction, reconstruction, or maintenance of county highways and county state-aid highways;

(2) public transit capital improvements; and

(3) operating assistance to public transit systems.

## **ARTICLE 4**

### **TRANSPORTATION IMPACT FEES**

#### **Section 1. [426.21] TRANSPORTATION IMPACT FEES.**

Subdivision 1. **Fees may be imposed.** A city or county may by ordinance impose a transportation impact fee on each building permit it issues. For purposes of this section, "city" includes statutory and home rule charter cities.

Subd. 2. **Adoption of plan.** (a) Before imposing a transportation impact fee, a city or county must adopt a safety and intersection improvement plan that identifies and estimates the cost of:

(1) each intersection that the city or county intends to construct, reconstruct, or improve within the five-year period covered by the plan, including intersections of a county highway or city street with a trunk highway where a share of the total cost will be paid by the city or county; and

(2) each significant highway safety hazard that the city or county intends to eliminate or ameliorate within the five-year period covered by the plan.

(b) The plan must provide for a revision of the plan at least once every five years.

Subd. 3. **Use of fees.** A city or county imposing a transportation impact fee may spend the revenue from the fee only for projects identified in its safety and intersection improvement plan.

Subd. 4. **Calculation of fee.** A city or county imposing a transportation impact fee under this section must provide by ordinance for:

(1) a reasonable classification of all property in the city according to trips generated by the property on the streets and highways of the city or county imposing the fee;

(2) a determination of the average daily number of trips generated by a single-family dwelling in the city or county; and

(3) a trip generation rate for each class of property based on a multiple of the rate for a single-family dwelling. The transportation impact fee must be based on the trip generation rate assigned to each class of property. In determining a transportation impact fee for any property, a city or county may take into consideration the type and loading of the traffic generated by the property.

Subd. 5. **Exemptions.** Building permits for the following projects are exempt from transportation impact fees:

(1) alterations or expansions of an existing dwelling unit where no additional units are created and the use is not changed;

(2) construction of accessory buildings or structures that will not increase the number of trips generated by the property;

(3) replacement on the same land of a destroyed or partially destroyed building or structure with a new building or structure of substantially the same size and use; and

(4) any new construction that does not generate trips on a street or highway identified in the city's or county's safety and intersection improvement plan.

Subd. 6. **Collection.** A city or county may collect a transportation impact fee at the time it issues a building permit, or may provide that the fee be paid over a period not to exceed ten years and at the same time and in the same manner as taxes on the real property for which the building permit is issued. Payment of a fee that is made at a time other than the time the building permit is issued is subject to the same interest and penalties as city or county taxes and special assessments on real property.

Subd. 7. **Notice; hearings.** An ordinance under this section must provide that before imposing a transportation impact fee on any building permit the city or county must give the person to whom the permit is issued a reasonable notice and opportunity for a public hearing at which the person may present evidence relating to the determination of the fee.

## **ARTICLE 5**

### **APPROPRIATIONS AND BOND AUTHORIZATIONS**

#### **Section 1. APPROPRIATIONS.**

Subdivision 1. **Appropriation; trunk highway fund.** \$100,000,000 is appropriated from the bond proceeds account in the trunk highway fund to the commissioner of transportation for improvements to the state trunk highway system. Of this appropriation:

(1) \$50,000,000 is for improvements to the interregional corridor system as identified by the commissioner where the improvements are physically located entirely or primarily outside the seven-county metropolitan area; and

(2) \$50,000,000 is for the elimination of traffic bottlenecks on arterial highways located entirely within the seven-county metropolitan area.

Subd. 2. **Appropriation; state transportation fund.** \$50,000,000 is appropriated from the state transportation fund to the commissioner of transportation for grants under Minnesota Statutes, section 174.50, to match federal money and to replace or rehabilitate local deficient bridges. Political subdivisions may use grants made under this subdivision to construct or reconstruct bridges, including:

(1) matching federal aid grants to construct or reconstruct key bridges;

(2) paying the costs of preliminary engineering and environmental studies authorized under Minnesota Statutes, section 174.50, subdivision 6a;

(3) paying the costs to abandon an existing bridge that is deficient and in need of replacement, but where no replacement will be made; and

(4) paying the costs to construct a road or street to facilitate the abandonment of an existing bridge determined by the commissioner to be deficient, if the commissioner determines that construction of the road or street is more economical than replacing the existing bridge.

Subd. 3. **Appropriation; bond proceeds fund.** \$50,000,000 is appropriated from the bond proceeds fund to the commissioner of transportation for deposit in the local road improvement fund. The commissioner shall credit the amount so appropriated to the local account for routes of regional significance.

**Sec. 2. BOND SALE AUTHORIZATIONS.**

Subdivision 1. **Trunk highway bonds.** To provide the money appropriated in section 1, subdivision 1, from the bond proceeds account in the trunk highway fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$100,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to the bond proceeds account in the trunk highway fund.

Subd. 2. **Transportation bonds.** To provide the money appropriated from the state transportation fund under section 1, subdivision 2, the commissioner of finance

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shall, on request of the commissioner of transportation, issue and sell Minnesota state transportation bonds for the purposes provided in Minnesota Statutes, section 174.51, subdivision 1, in the aggregate principal amount of \$50,000,000 in the manner and on the conditions prescribed in Minnesota Statutes, section 174.51, and in the Minnesota Constitution, article XI. The proceeds of the bonds must be deposited in the Minnesota state transportation fund for expenditure according to section 1, subdivision 2, and Minnesota Statutes, section 174.50.

Subd. 3. **State bonds.** To provide the money appropriated from the bond proceeds fund under section 1, subdivision 3, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$50,000,000 in the manner, on the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

**ARTICLE 6**  
**LOCAL ROADS**

Section 1. Minnesota Statutes 2006, section 162.07, subdivision 1, is amended to read:

Subdivision 1. ~~**Formula Apportionment sum and excess sum.** After deducting for administrative costs and for the disaster account and research account and state park roads as heretofore provided, the remainder of~~ The total sum provided for in section 162.06, subdivision 1, ~~shall be~~ is identified as the apportionment sum and shall be apportioned by the commissioner to the several counties on the basis of the needs of the counties as determined in accordance with the following formula: the excess sum.

~~(a) An amount equal to ten percent of the apportionment sum shall be apportioned equally among the 87 counties. The excess sum is the sum of:~~

(1) revenue attributed to that portion of the gasoline excise tax rate in excess of 20 cents per gallon, and to that portion of the excise tax rate for E85, M85, and special fuels in excess of the energy equivalent of a gasoline tax rate of 20 cents per gallon;

(2) revenue attributed to a change in the passenger vehicle registration tax under section 168.013, imposed on or after July 1, 2007, that exceeds the amount collected in fiscal year 2007 multiplied by the annual average United States Consumer Price Index for all urban consumers, United States city average, as determined by the United States Department of Labor for the previous year, divided by the annual average for calendar year 2006; and

(3) revenue to the county state-aid highway fund attributable to the motor vehicle sales tax in excess of fiscal year 2007 revenue.

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~~(b) An amount equal to ten percent of the apportionment sum shall be apportioned among the several counties so that each county shall receive of such amount the percentage that its motor vehicle registration for the calendar year preceding the one last past, determined by residence of registrants, bears to the total statewide motor vehicle registration. The apportionment sum is calculated by subtracting the excess sum from the remainder of the total sum.~~

~~(c) An amount equal to 30 percent of the apportionment sum shall be apportioned among the several counties so that each county shall receive of such amount the percentage that its total lane-miles of approved county state-aid highways bears to the total lane-miles of approved statewide county state-aid highways. In 1997 and subsequent years no county may receive, as a result of an apportionment under this clause based on lane-miles rather than miles of approved county state-aid highways, an apportionment that is less than its apportionment in 1996.~~

~~(d) An amount equal to 50 percent of the apportionment sum shall be apportioned among the several counties so that each county shall receive of such amount the percentage that its money needs bears to the sum of the money needs of all of the individual counties; provided, that the percentage of such amount that each county is to receive shall be adjusted so that each county shall receive in 1958 a total apportionment at least ten percent greater than its total 1956 apportionments from the state road and bridge fund; and provided further that those counties whose money needs are thus adjusted shall never receive a percentage of the apportionment sum less than the percentage that such county received in 1958.~~

Sec. 2. Minnesota Statutes 2006, section 162.07, is amended by adding a subdivision to read:

Subd. 1a. **Apportionment sum.** The commissioner shall reduce the apportionment sum by a proportionate share of the deductions for administrative costs, disaster account, research account, and state park road account, and apportion the remainder among the several counties on the basis of the needs of the counties as follows:

(a) An amount equal to ten percent shall be apportioned equally among the 87 counties.

(b) An amount equal to ten percent shall be apportioned among the several counties so that each county shall receive of such amount the percentage that its motor vehicle registration for the calendar year preceding the one last past, determined by residence of registrants, bears to the total statewide motor vehicle registration.

12.1           (c) An amount equal to 30 percent shall be apportioned among the several counties  
12.2 so that each county shall receive of such amount the percentage that its total lane-miles of  
12.3 approved county state-aid highways bears to the total lane-miles of approved statewide  
12.4 county state-aid highways. In 1997 and subsequent years no county may receive, as a  
12.5 result of an apportionment under this paragraph based on lane-miles rather than miles of  
12.6 approved county state-aid highways, an apportionment that is less than its apportionment  
12.7 in 1996.

12.8           (d) An amount equal to 50 percent shall be apportioned among the several counties  
12.9 so that each county shall receive of such amount the percentage that its money needs bears  
12.10 to the sum of the money needs of all of the individual counties.

12.11       Sec. 3. Minnesota Statutes 2006, section 162.07, is amended by adding a subdivision  
12.12 to read:

12.13           Subd. 1b. **Excess sum.** The commissioner shall reduce the excess sum by a  
12.14 proportionate share of the deductions for administrative costs, disaster account, research  
12.15 account, and state park road account, and apportion the remainder among the several  
12.16 counties on the basis of the needs of the counties as follows:

12.17           (a) An amount equal to 40 percent must be apportioned among the several counties  
12.18 so that each county receives of that amount the percentage that its motor vehicle  
12.19 registration for the calendar year preceding the one last past, determined by residence of  
12.20 registrants, bears to the total statewide motor vehicle registration.

12.21           (b) An amount equal to 60 percent must be apportioned among the several counties  
12.22 so that each county receives of that amount the percentage that its money needs bears to  
12.23 the sum of the money needs of all of the individual counties.

12.24       Sec. 4. Minnesota Statutes 2006, section 174.52, subdivision 5, is amended to read:

12.25           Subd. 5. **Grant procedures and criteria.** The commissioner shall establish  
12.26 procedures for statutory or home rule charter cities, towns, and counties to apply for  
12.27 grants or loans from the fund and criteria to be used to select projects for funding.  
12.28 The commissioner shall establish these procedures and criteria in consultation with  
12.29 representatives appointed by the Association of Minnesota Counties, League of Minnesota  
12.30 Cities, Minnesota Association of Townships, and the appropriate state agency as needed.  
12.31 The criteria for determining project priority and the amount of a grant or loan must be  
12.32 based upon consideration of:

12.33           (1) the availability of other state, federal, and local funds;

12.34           (2) the regional significance of the route;

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- 13.1 (3) effectiveness of the proposed project in eliminating a transportation system  
13.2 deficiency;
- 13.3 (4) the number of persons who will be positively impacted by the project;
- 13.4 (5) the project's contribution to other local, regional, or state economic development  
13.5 or redevelopment efforts including livestock and other agricultural operations permitted  
13.6 after the effective date of this section; and
- 13.7 (6) ability of the local unit of government to adequately provide for the safe  
13.8 operation and maintenance of the facility upon project completion.
- 13.9 Adoption of procedures and criteria under this subdivision is not subject to the  
13.10 Administrative Procedure Act.