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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **1450**

03/04/2015 Authored by Drazkowski, Davids, Miller, Backer and Daniels
The bill was read for the first time and referred to the Committee on Greater Minnesota Economic and Workforce Development Policy
03/18/2015 Adoption of Report: Amended and re-referred to the Committee on Transportation Policy and Finance
03/25/2015 Adoption of Report: Amended and re-referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to transportation; establishing a small cities assistance program;
1.3 proposing coding for new law in Minnesota Statutes, chapter 162.
1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **[162.145] SMALL CITIES ASSISTANCE.**

1.6 Subdivision 1. **Program created.** From funds made available specifically under this
1.7 section, the commissioner shall establish a program for assistance to small cities.

1.8 Subd. 2. **Small cities assistance account.** A small cities assistance account is
1.9 created in the special revenue fund. The account consists of funds as provided by law and
1.10 any other money donated, allotted, transferred, or otherwise provided to the account.
1.11 Money in the account may only be expended as provided under this section.

1.12 Subd. 3. **Program administration.** (a) The commissioner shall allocate all funds
1.13 made available by law as provided in subdivision 5 and shall notify the commissioner of
1.14 revenue.

1.15 (b) Following notification from the commissioner of transportation, the
1.16 commissioner of revenue shall distribute the specified funds to cities in the same manner
1.17 as local government aid under chapter 477A. An appropriation to the commissioner of
1.18 transportation under this section is available to the commissioner of revenue for the
1.19 distribution purposes specified in this paragraph.

1.20 (c) Funds provided under this section are not subject to state-aid requirements
1.21 under this chapter, including but not limited to engineering standards adopted by the
1.22 commissioner in rules.

2.1 (d) A city that receives funds under this section shall include financial information
2.2 regarding the funds in its reporting and financial statements provided under sections 6.74 to
2.3 6.75, 471.697, and 471.698, which must affirm use of the funds for permissible purposes.

2.4 Subd. 4. **Program requirements.** (a) Eligibility to receive funds under this section
2.5 is limited to a statutory or home rule charter city that does not receive municipal state aid
2.6 under sections 162.09 to 162.14.

2.7 (b) Funds under this section are available only for construction and maintenance of
2.8 roads and bridges located within the city, including:

2.9 (1) land acquisition, environmental analysis, design, engineering, construction,
2.10 reconstruction, and maintenance;

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

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

2.13 (4) cost participation on road projects under the jurisdiction of another unit of
2.14 government.

2.15 Subd. 5. **Distribution formula.** (a) In each year in which funds are available under
2.16 this section, the commissioner shall allocate funds in accordance with the following
2.17 formula:

2.18 (1) 35 percent of funds allocated proportionally based on each city's share of
2.19 population compared to total population of all cities eligible to receive funds under this
2.20 section;

2.21 (2) 35 percent of funds allocated proportionally based on each city's share of lane
2.22 miles of municipal streets compared to total lane miles of municipal streets of all cities
2.23 eligible to receive funds under this section; and

2.24 (3) 30 percent of funds allocated proportionally based on each city's share of
2.25 state-aid adjustment factor compared to the sum of state-aid adjustment factors of all cities
2.26 eligible to receive funds under this section.

2.27 (b) For purposes of this subdivision, "state-aid adjustment factor" means the greater
2.28 of zero, or:

2.29 (1) 0.005; minus

2.30 (2) the number of lane miles of county state-aid highway in a city, divided by the
2.31 total number of lane miles of county state-aid highway in all cities eligible to receive
2.32 funds under this section.

2.33 **EFFECTIVE DATE.** This section is effective July 1, 2015.