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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 2142

03/11/2021

Authored by Petersburg
The bill was read for the first time and referred to the Committee on Transportation Finance and Policy

1.1A bill for an act

1.2relating to transportation; providing for highway funding; making appropriations;

1.3authorizing sale and issuance of state bonds; adjusting distribution of tax revenue

1.4from the sale of motor vehicle repair and replacement parts; amending Minnesota

1.5Statutes 2020, section 297A.94.

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

1.7ARTICLE 1

1.8TRANSPORTATION APPROPRIATIONS

1.9Section 1. TRANSPORTATION APPROPRIATIONS.

1.10The sums shown in the columns marked "Appropriations" are appropriated to the agencies

1.11for the purposes specified in this article. The appropriations are from the trunk highway

1.12fund, or another named fund, and are available for the fiscal years indicated for each purpose.

1.13The figures "2022" and "2023" used in this article mean that the appropriations listed under

1.14them are available for the fiscal year ending June 30, 2022, and June 30, 2023, respectively.

1.15

APPROPRIATIONS

Available for the Year

Ending June 30

20222023

1.16

1.17

1.18

1.19Sec. 2. DEPARTMENT OF

1.20TRANSPORTATION

1.21Subdivision 1. Appropriations

1.22The appropriations in this section are to the

1.23commissioner of transportation. The amounts

1.24that may be spent for each purpose are

1.25specified in the following subdivisions.

2.1 **Subd. 2. State Roads**

2.2 The appropriations in this subdivision are
 2.3 attributed to the unreserved fund balance in
 2.4 the trunk highway fund, are in addition to any
 2.5 other appropriation enacted in the 2021 regular
 2.6 legislative session for these purposes, and are
 2.7 onetime appropriations.

2.8 **(a) Operations and Maintenance** 22,843,000 25,752,000

2.9 **(b) Program Delivery** 14,357,000 16,185,000

2.10 This appropriation includes use of consultants
 2.11 to support development and management of
 2.12 projects.

2.13 **(c) State Road Construction** 64,056,000 72,215,000

2.14 This appropriation is for the actual
 2.15 construction, reconstruction, and improvement
 2.16 of trunk highways, including design-build
 2.17 contracts, internal department costs associated
 2.18 with delivering the construction program,
 2.19 consultant usage to support these activities,
 2.20 and the cost of actual payments to landowners
 2.21 for lands acquired for highway rights-of-way,
 2.22 payment to lessees, interest subsidies, and
 2.23 relocation expenses.

2.24 **Subd. 3. Local Roads**

2.25 **(a) Small Cities Assistance** 10,000,000 -0-

2.26 This appropriation is from the general fund
 2.27 for the small cities assistance program in
 2.28 Minnesota Statutes, section 162.145.

2.29 **(b) Town Roads** 3,250,000 -0-

2.30 This appropriation is from the general fund
 2.31 for town roads, for distribution of financial
 2.32 assistance in the manner provided under
 2.33 Minnesota Statutes, section 162.081.

3.1 (c) Town Bridges 1,750,000 -0-

3.2 This appropriation is from the general fund

3.3 for town bridges, for distribution of financial

3.4 assistance in the manner provided under

3.5 Minnesota Statutes, section 161.082,

3.6 subdivision 2a.

3.7 **ARTICLE 2**

3.8 **TRUNK HIGHWAY BONDS**

3.9 Section 1. **BOND APPROPRIATIONS.**

3.10 The sums shown in the column under "Appropriations" are appropriated from the bond

3.11 proceeds account in the trunk highway fund to the state agencies or officials indicated to

3.12 be spent for public purposes. Appropriations of bond proceeds must be spent as authorized

3.13 by the Minnesota Constitution, articles XI and XIV. Unless otherwise specified, money

3.14 appropriated in this article for a capital program or project may be used to pay state agency

3.15 staff costs that are attributed directly to the capital program or project in accordance with

3.16 accounting policies adopted by the commissioner of management and budget.

3.17 **SUMMARY**

3.18 <u>Department of Transportation</u>	<u>\$</u>	<u>400,000,000</u>
3.19 <u>Department of Management and Budget</u>		<u>400,000</u>
3.20 <u>TOTAL</u>	<u>\$</u>	<u>400,400,000</u>

3.21 **APPROPRIATIONS**

3.22 **Sec. 2. DEPARTMENT OF**

3.23 **TRANSPORTATION**

3.24 <u>Subdivision 1. Corridors of Commerce</u>	<u>\$</u>	<u>150,000,000</u>
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3.25 (a) This appropriation is to the commissioner

3.26 of transportation for the corridors of commerce

3.27 program under Minnesota Statutes, section

3.28 161.088.

3.29 (b) The commissioner may use up to 17

3.30 percent of the amount for program delivery.

3.31 <u>Subd. 2. State Road Construction</u>		<u>250,000,000</u>
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4.1 (a) This appropriation is to the commissioner
4.2 of transportation for construction,
4.3 reconstruction, and improvement of trunk
4.4 highways, including design-build contracts
4.5 and use of consultants to support these
4.6 activities. This includes the cost of actual
4.7 payment to landowners for lands acquired for
4.8 highway rights-of-way, payment to lessees,
4.9 interest subsidies, and relocation expenses.

4.10 (b) The commissioner may use up to 17
4.11 percent of the amount for program delivery.

4.12 Sec. 3. **BOND SALE EXPENSES** **\$** **400,000**

4.13 This appropriation is to the commissioner of
4.14 management and budget for bond sale
4.15 expenses under Minnesota Statutes, sections
4.16 16A.641, subdivision 8, and 167.50,
4.17 subdivision 4.

4.18 Sec. 4. **BOND SALE AUTHORIZATION.**

4.19 To provide the money appropriated in this article from the bond proceeds account in the
4.20 trunk highway fund, the commissioner of management and budget shall sell and issue bonds
4.21 of the state in an amount up to \$400,400,000 in the manner, upon the terms, and with the
4.22 effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota
4.23 Constitution, article XIV, section 11, at the times and in the amounts requested by the
4.24 commissioner of transportation. The proceeds of the bonds, except accrued interest and any
4.25 premium received from the sale of the bonds, must be deposited in the bond proceeds account
4.26 in the trunk highway fund.

4.27 **ARTICLE 3**
4.28 **TRANSPORTATION FINANCE**

4.29 Section 1. Minnesota Statutes 2020, section 297A.94, is amended to read:

4.30 **297A.94 DEPOSIT OF REVENUES.**

4.31 Subdivision 1. **Definitions.** (a) For purposes of this section, "motor vehicle repair and
4.32 replacement parts" includes: (1) all parts, tires, accessories, and equipment incorporated
4.33 into or affixed to the motor vehicle as part of the motor vehicle maintenance and repair;

5.1 and (2) paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor
5.2 vehicle maintenance or repair.

5.3 (b) For purposes of paragraph (a), "motor vehicle" has the meaning given in section
5.4 297B.01, subdivision 11; and "tire" means any tire of the type used on highway vehicles,
5.5 if wholly or partially made of rubber and if marked according to federal regulations for
5.6 highway use.

5.7 **Subd. 2. Deposits.** (a) Except as provided in this section, the commissioner shall deposit
5.8 the revenues, including interest and penalties, derived from the taxes imposed by this chapter
5.9 in the state treasury and credit them to the general fund.

5.10 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic
5.11 account in the special revenue fund if:

5.12 (1) the taxes are derived from sales and use of property and services purchased for the
5.13 construction and operation of an agricultural resource project; and

5.14 (2) the purchase was made on or after the date on which a conditional commitment was
5.15 made for a loan guaranty for the project under section 41A.04, subdivision 3.

5.16 The commissioner of management and budget shall certify to the commissioner the date on
5.17 which the project received the conditional commitment. The amount deposited in the loan
5.18 guaranty account must be reduced by any refunds and by the costs incurred by the Department
5.19 of Revenue to administer and enforce the assessment and collection of the taxes.

5.20 (c) The commissioner shall deposit the revenues, including interest and penalties, derived
5.21 from the taxes imposed on sales and purchases included in section 297A.61, subdivision 3,
5.22 paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

5.23 (1) first to the general obligation special tax bond debt service account in each fiscal
5.24 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

5.25 (2) after the requirements of clause (1) have been met, the balance to the general fund.

5.26 (d) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit
5.27 in the state treasury the revenues collected under section 297A.64, subdivision 1, including
5.28 interest and penalties and minus refunds, and credit them to the highway user tax distribution
5.29 fund.

5.30 (e) The commissioner shall deposit the revenues, including interest and penalties,
5.31 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the
5.32 general fund. By July 15 of each year the commissioner shall transfer to the highway user

tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit of revenues under paragraph (d), the commissioner shall deposit into the state treasury and credit to the highway user tax distribution fund an amount equal to the estimated revenues derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The commissioner shall estimate the amount of sales tax revenue deposited under this paragraph based on the amount of revenue deposited under paragraph (d).

(g) ~~Starting after July 1, 2017,~~ The commissioner shall deposit ~~an amount of the remittances~~ monthly into the state treasury ~~and credit them to the highway user tax distribution fund as a portion of the estimated amount of taxes collected from the sale and purchase of motor vehicle repair and replacement parts in that month, and credit:~~

(1) 54 percent to the highway user tax distribution fund;

(2) three percent to the small cities assistance account under section 162.145, subdivision 2;

(3) two percent to the town road account in the county state-aid highway fund under section 162.081; and

(4) one percent to the town bridge account in the county state-aid highway fund under section 161.081.

~~For the remittances Between July 1, 2017, and June 30, 2019, the monthly deposit amount is \$2,628,000. For remittances In each subsequent fiscal year, the monthly deposit amount is \$12,137,000. For purposes of this paragraph, "motor vehicle" has the meaning given in section 297B.01, subdivision 11, and "motor vehicle repair and replacement parts" includes (i) all parts, tires, accessories, and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle maintenance and repair, and (ii) paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor vehicle maintenance or repair. For purposes of this paragraph, "tire" means any tire of the type used on highway vehicles, if wholly or partially made of rubber and if marked according to federal regulations for highway use.~~

(h) 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.

(i) The revenue dedicated under paragraph (h) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (h) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (h) must be allocated for field operations.

(j) The commissioner must deposit the revenues, including interest and penalties minus any refunds, derived from the sale of items regulated under section 624.20, subdivision 1, that may be sold to persons 18 years old or older and that are not prohibited from use by the general public under section 624.21, in the state treasury and credit:

(1) 25 percent to the volunteer fire assistance grant account established under section 88.068;

(2) 25 percent to the fire safety account established under section 297I.06, subdivision 3; and

(3) the remainder to the general fund.

For purposes of this paragraph, the percentage of total sales and use tax revenue derived from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be

8.1 sold to persons 18 years old or older and are not prohibited from use by the general public
8.2 under section 624.21, is a set percentage of the total sales and use tax revenues collected in
8.3 the state, with the percentage determined under Laws 2017, First Special Session chapter
8.4 1, article 3, section 39.

8.5 (k) The revenues deposited under paragraphs (a) to (j) do not include the revenues,
8.6 including interest and penalties, generated by the sales tax imposed under section 297A.62,
8.7 subdivision 1a, which must be deposited as provided under the Minnesota Constitution,
8.8 article XI, section 15.

8.9 Subd. 3. Sales tax estimates. (a) By July 1, 2021, and by June 1 in each odd-numbered
8.10 year, or more frequently at the commissioner's discretion, the commissioner must estimate
8.11 the amount and percentage of total sales tax revenues, including interest and penalties,
8.12 collected in the previous calendar year that is attributable to sales and purchases of motor
8.13 vehicle repair and replacement parts. The estimate must be based on federal data and
8.14 department consumption models. Beginning July 1 following a percentage estimate revision,
8.15 the estimate is effective for deposits under subdivision 2, paragraph (g).

8.16 (b) The commissioner must maintain on the department's website information concerning
8.17 each revised estimate and the estimation methodology.

8.18 **EFFECTIVE DATE.** This section is effective July 1, 2021, except that subdivision 3
8.19 is effective the day following final enactment.