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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2395

02/27/2014 Authored by Hornstein

The bill was read for the first time and referred to the Committee on Transportation Finance

1.1 A bill for an act
 1.2 relating to transportation; capital investment; taxes; amending provisions
 1.3 governing transportation finance; establishing gross receipts motor fuels tax;
 1.4 amending metropolitan area transit sales tax; authorizing sale and issuance
 1.5 of trunk highway bonds; appropriating money; amending Minnesota Statutes
 1.6 2012, sections 162.07, subdivision 1a; 296A.061; 296A.11; 296A.12; 296A.16;
 1.7 297A.992; 473.167; 473.915; Minnesota Statutes 2013 Supplement, sections
 1.8 174.42, by adding a subdivision; 297A.815, subdivision 3; proposing coding for
 1.9 new law in Minnesota Statutes, chapters 161; 174; 296A; 297A; 473.

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

1.11 ARTICLE 1

1.12 TRUNK HIGHWAY

1.13 Section 1. BOND APPROPRIATIONS.

1.14 The sums shown in the column under "Appropriations" are appropriated from the
 1.15 bond proceeds account in the trunk highway fund to the state agencies or officials indicated,
 1.16 to be spent for public purposes. Appropriations of bond proceeds must be spent as
 1.17 authorized by the Minnesota Constitution, articles XI and XIV. Unless otherwise specified,
 1.18 money appropriated in this article for a capital program or project may be used to pay state
 1.19 agency staff costs that are attributed directly to the capital program or project in accordance
 1.20 with accounting policies adopted by the commissioner of management and budget.

1.21 SUMMARY

1.22	<u>Department of Transportation</u>	\$	<u>1,000,000,000</u>
1.23	<u>Department of Management and Budget</u>	\$	<u>1,000,000</u>
1.24	<u>TOTAL</u>	\$	<u>1,001,000,000</u>

1.25 APPROPRIATIONS

2.1 **Sec. 2. DEPARTMENT OF**
 2.2 **TRANSPORTATION CORRIDORS OF**
 2.3 **COMMERCE** **\$ 800,000,000**

2.4 (a) The appropriation in this section is
 2.5 to the commissioner of transportation for
 2.6 the corridors of commerce program under
 2.7 Minnesota Statutes, section 161.088, and is
 2.8 available in the amounts of \$200,000,000 in
 2.9 each fiscal year for fiscal years 2015 to 2018.

2.10 (b) The appropriation in this subdivision
 2.11 cancel as specified under Minnesota
 2.12 Statutes, section 16A.642, except that the
 2.13 commissioner of management and budget
 2.14 shall count the start of authorization for
 2.15 issuance of state bonds as the first day
 2.16 of the fiscal year during which the bonds
 2.17 are available to be issued as specified
 2.18 under paragraph (a), and not as the date of
 2.19 enactment of this subdivision.

2.20 **Sec. 3. TRANSPORTATION ECONOMIC**
 2.21 **DEVELOPMENT PROGRAM** **\$ 200,000,000**

2.22 (a) This appropriation is for the transportation
 2.23 economic development program under
 2.24 Minnesota Statutes, section 174.12, and is
 2.25 available in the amounts of \$50,000,000 in
 2.26 each fiscal year for fiscal years 2015 to 2018.

2.27 (b) The appropriation in this subdivision
 2.28 cancel as specified under Minnesota
 2.29 Statutes, section 16A.642, except that the
 2.30 commissioner of management and budget
 2.31 shall count the start of authorization for
 2.32 issuance of state bonds as the first day
 2.33 of the fiscal year during which the bonds
 2.34 are available to be issued as specified

3.1 under paragraph (a), and not as the date of
 3.2 enactment of this subdivision.

3.3 Sec. 4. **BOND SALE EXPENSES** **\$** **1,000,000**

3.4 This appropriation is to the commissioner
 3.5 of management and budget for bond sale
 3.6 expenses under Minnesota Statutes, sections
 3.7 16A.641, subdivision 8; and 167.50,
 3.8 subdivision 4.

3.9 Sec. 5. **BOND SALE AUTHORIZATION.**

3.10 To provide the money appropriated in this article from the bond proceeds account in
 3.11 the trunk highway fund, the commissioner of management and budget shall sell and issue
 3.12 bonds of the state in an amount up to \$1,001,000,000 in the manner, upon the terms, and
 3.13 with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the
 3.14 Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested
 3.15 by the commissioner of transportation. The proceeds of the bonds, except accrued interest
 3.16 and any premium received from the sale of the bonds, must be deposited in the bond
 3.17 proceeds account in the trunk highway fund.

3.18 Sec. 6. **EFFECTIVE DATE.**

3.19 This article is effective July 1, 2014.

3.20 **ARTICLE 2**

3.21 **GROSS RECEIPTS TAX**

3.22 Section 1. Minnesota Statutes 2012, section 296A.061, is amended to read:

3.23 **296A.061 CANCELLATION OR NONRENEWAL OF LICENSES.**

3.24 The commissioner may cancel a license or not renew a license if one of the following
 3.25 conditions occurs:

3.26 (1) the license holder has not filed a petroleum tax return or report for at least one year;

3.27 (2) the license holder has not filed a gross receipts tax return for at least one year;

3.28 (3) the license holder has not reported any petroleum tax liability or gross receipts

3.29 tax liability on the license holder's returns or reports for at least one year; or

3.30 (3) (4) the license holder requests cancellation of the license.

4.1 Sec. 2. **[296A.085] MOTOR FUELS GROSS RECEIPTS TAX.**

4.2 Subdivision 1. **Imposition.** A tax is imposed on the wholesale business of selling
 4.3 the means or substance used for propelling vehicles on the highways of this state. The
 4.4 tax is imposed at the rate of five percent of gross receipts derived by a distributor from
 4.5 the first sale at wholesale of gasoline, gasoline blended with ethanol, agricultural alcohol
 4.6 gasoline, and special fuels within this state for use in motor vehicles.

4.7 Subd. 2. **Exemptions.** Subdivision 1 does not apply to gasoline, denatured ethanol,
 4.8 special fuel, or alternative fuel purchased by an entity described in section 296A.07,
 4.9 subdivision 4, or 296A.08, subdivision 3.

4.10 Subd. 3. **Conversion of tax rate.** Annually on or before August 1, the commissioner
 4.11 shall determine the applicable gross receipts motor fuels tax rate per gallon, which shall be
 4.12 the greater of either: ten cents per gallon; or five percent of the annual Minnesota total (all
 4.13 grades) wholesale gasoline price by refiners for the previous fiscal year, as published by
 4.14 the United States Energy Information Administration, and rounded to the nearest tenth of
 4.15 a cent per gallon. The announced rate is effective for a 12-month period from the next
 4.16 October 1 to September 30. The commissioner shall publish on the department's Web site
 4.17 the total of the gross receipts tax and the excise tax.

4.18 Subd. 4. **Administrative provisions.** Except as otherwise provided in this chapter,
 4.19 the relevant audit, assessment, refund, penalty, interest, enforcement, collection remedies,
 4.20 appeal, and administrative provisions of chapter 289A apply to taxes imposed under
 4.21 this section.

4.22 Subd. 5. **Deposit of revenues.** The commissioner shall deposit the revenues from
 4.23 the gross receipts tax into the highway user tax distribution fund.

4.24 **EFFECTIVE DATE.** This section is effective October 1, 2014, and applies to
 4.25 gross receipts attributable to the described products and derived by a distribution on
 4.26 and after that day.

4.27 Sec. 3. Minnesota Statutes 2012, section 296A.11, is amended to read:

4.28 **296A.11 SELLER MAY COLLECT TAX.**

4.29 A person who directly or indirectly pays a gasoline or special fuel tax or motor fuels
 4.30 gross receipts tax as provided in this chapter and who does not in fact use the gasoline or
 4.31 special fuel in motor vehicles in this state or receive, store, or withdraw it from storage
 4.32 to be used personally for the purpose of producing or generating power for propelling
 4.33 aircraft, but sells or otherwise disposes of the same, except as provided in section 296A.16,
 4.34 subdivision 3, is hereby authorized to collect, from the person to whom the gasoline or

5.1 special fuel is so sold or disposed of, the tax so paid, and is hereby required, upon request,
 5.2 to make, sign, and deliver to such person an invoice of such sale or disposition. The sums
 5.3 collected must be held as a special fund in trust for the state of Minnesota.

5.4 Sec. 4. Minnesota Statutes 2012, section 296A.12, is amended to read:

5.5 **296A.12 GASOLINE AND SPECIAL FUEL TAX AND MOTOR FUELS**
 5.6 **GROSS RECEIPTS TAX IN LIEU OF OTHER TAXES.**

5.7 Gasoline and special fuel excise taxes and motor fuels gross receipts tax shall be
 5.8 in lieu of all other taxes imposed upon the business of selling or dealing in gasoline or
 5.9 special fuel, whether imposed by the state or by any of its political subdivisions, but are in
 5.10 addition to all ad valorem taxes now imposed by law. Nothing in this chapter is construed
 5.11 as prohibiting the governing body of any city of this state from licensing and regulating
 5.12 ~~such~~ a business where its authority is conferred by state law or city charter.

5.13 Sec. 5. Minnesota Statutes 2012, section 296A.16, is amended to read:

5.14 **296A.16 REFUND OR CREDIT.**

5.15 Subdivision 1. **Credit or refund of gasoline or special fuel tax paid.** The
 5.16 commissioner shall allow the distributor credit or refund of the tax paid on gasoline and
 5.17 special fuel and of the motor fuels gross receipts tax attributed to fuel:

5.18 (1) exported or sold for export from the state, other than in the supply tank of a
 5.19 motor vehicle or of an aircraft;

5.20 (2) sold to the United States government to be used exclusively in performing its
 5.21 governmental functions and activities or to any "cost plus a fixed fee" contractor employed
 5.22 by the United States government on any national defense project;

5.23 (3) if the fuel is placed in a tank used exclusively for residential heating;

5.24 (4) destroyed by accident while in the possession of the distributor;

5.25 (5) in error;

5.26 (6) in the case of gasoline only, sold for storage in an on-farm bulk storage tank, if
 5.27 the tax was not collected on the sale; and

5.28 (7) in such other cases as the commissioner may permit, consistent with the provisions
 5.29 of this chapter and other laws relating to the gasoline and special fuel excise taxes.

5.30 Subd. 2. **Fuel used in other vehicle; claim for refund.** Any person who buys and
 5.31 uses gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles
 5.32 except as provided in clause (2), or motorboats, or special fuel for a qualifying purpose
 5.33 other than use in licensed motor vehicles, and who paid the excise or gross receipts tax
 5.34 directly or indirectly through the amount of the tax being included in the price of the

6.1 gasoline or special fuel, or otherwise, shall be reimbursed and repaid the amount of the
6.2 tax paid upon filing with the commissioner a claim for refund in the form and manner
6.3 prescribed by the commissioner, and containing the information the commissioner shall
6.4 require. By signing any such claim which is false or fraudulent, the applicant shall be
6.5 subject to the penalties provided in this chapter for knowingly making a false claim.

6.6 The claim shall set forth the total amount of the gasoline so purchased and used by the
6.7 applicant other than in motor vehicles, or special fuel purchased and used by the applicant
6.8 other than in licensed motor vehicles, and shall state when and for what purpose it was
6.9 used. When a claim contains an error in computation or preparation, the commissioner
6.10 is authorized to adjust the claim in accordance with the evidence shown on the claim or
6.11 other information available to the commissioner. The commissioner, on being satisfied
6.12 that the claimant is entitled to the payments, shall approve the claim and transmit it to the
6.13 commissioner of management and budget. The words "gasoline" or "special fuel" as used
6.14 in this subdivision do not include aviation gasoline or special fuel for aircraft. Gasoline or
6.15 special fuel bought and used for a "qualifying purpose" means:

6.16 (1) Gasoline or special fuel used in carrying on a trade or business, used on a farm
6.17 situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose"
6.18 have the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue
6.19 Code as defined in section 289A.02, subdivision 7.

6.20 (2) Gasoline or special fuel used for off-highway business use.

6.21 (i) "Off-highway business use" means any use off the public highway by a person in
6.22 that person's trade, business, or activity for the production of income.

6.23 (ii) Off-highway business use includes use of a passenger snowmobile off the public
6.24 highways as part of the operations of a resort as defined in section 157.15, subdivision 11;
6.25 and use of gasoline or special fuel to operate a power takeoff unit on a vehicle, but not
6.26 including fuel consumed during idling time.

6.27 (iii) Off-highway business use does not include use as a fuel in a motor vehicle
6.28 which, at the time of use, is registered or is required to be registered for highway use under
6.29 the laws of any state or foreign country; or use of a licensed motor vehicle fuel tank in lieu
6.30 of a separate storage tank for storing fuel to be used for a qualifying purpose, as defined in
6.31 this section. Fuel purchased to be used for a qualifying purpose cannot be placed in the
6.32 fuel tank of a licensed motor vehicle and must be stored in a separate supply tank.

6.33 (3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles,
6.34 manufactured in Minnesota, and shipped by interstate carrier to destinations in other
6.35 states or foreign countries.

7.1 Subd. 3. **Destruction by accident; refund to dealer.** Notwithstanding the
7.2 provisions of subdivision 1, the commissioner shall allow a dealer a refund of:

7.3 (1) the tax paid by the distributor on, or gross receipts from the sale of, gasoline,
7.4 undyed diesel fuel, or undyed kerosene destroyed by accident while in the possession of
7.5 the dealer; or

7.6 (2) the tax paid by a distributor or special fuels dealer on, or gross receipts from the
7.7 sale of, other special fuels destroyed by accident while in the possession of the dealer.

7.8 Subd. 4. **Refrigerator units; refunds.** Notwithstanding the provisions of
7.9 subdivision 1, the commissioner shall allow a special fuel dealer a refund of the tax paid
7.10 on, or gross receipts from the sale of, fuel sold directly into a supply tank of a refrigeration
7.11 unit with a separate engine and used exclusively by that refrigeration unit. A claim for
7.12 refund may be filed as provided in this section.

7.13 Subd. 4a. **Undyed kerosene; refunds.** Notwithstanding subdivision 1, the
7.14 commissioner shall allow a refund of the tax paid on, or gross receipts from the sale of,
7.15 undyed kerosene used exclusively for a purpose other than as fuel for a motor vehicle
7.16 using the streets and highways. To obtain a refund, the person making the sale to an end
7.17 user must meet the Internal Revenue Service requirements for sales from a blocked pump.
7.18 A claim for a refund may be filed as provided in this section.

7.19 Subd. 4b. **Racing gasoline; refunds.** Notwithstanding subdivision 1, the
7.20 commissioner shall allow a licensed distributor a refund of the tax paid on, or gross
7.21 receipts from the sale of, leaded gasoline of 110 octane or more that does not meet ASTM
7.22 specification D4814 for gasoline and that is sold in bulk for use in nonregistered motor
7.23 vehicles. A claim for a refund may be filed as provided for in this section.

7.24 Subd. 5. **Qualifying service station credit.** Notwithstanding any other provision of
7.25 law to the contrary, the tax imposed on gasoline, undyed diesel fuel, or undyed kerosene,
7.26 together with the amount attributable to gross receipts tax on these fuels, delivered to a
7.27 qualified service station may not exceed, or must be reduced to, a rate not more than
7.28 three cents per gallon above the state tax rate imposed on such products sold by a service
7.29 station in a contiguous state located within the distance indicated in this subdivision. A
7.30 distributor shall be allowed a credit or refund for the amount of reduction computed in
7.31 accordance with this subdivision. For purposes of this subdivision, a "qualifying service
7.32 station" means a service station located within 7.5 miles, measured by the shortest route
7.33 by public road, from a service station selling like product in the contiguous state.

7.34 Subd. 7. **Civil penalty for filing false claim.** A person who violates section
7.35 296A.23, subdivision 1, shall forfeit the full amount of the claim. In addition, a person who
7.36 is convicted under section 296A.23 for filing a false statement or claim shall, in addition

8.1 to any criminal penalties imposed, be prohibited from filing with the commissioner any
8.2 claim for refund upon gasoline purchased within six months after such conviction.

8.3 Subd. 8. **Appropriation.** There is appropriated to the persons entitled to refund or
8.4 credit under this section, from the fund or account in the state treasury to which the money
8.5 was credited, an amount sufficient to make the credit or refund.

8.6 Sec. 6. **REVISOR'S INSTRUCTION.**

8.7 In Minnesota Statutes, the revisor of statutes shall rename Minnesota Statutes,
8.8 chapter 296A, to be "Tax on Petroleum and Other Fuels and Gross Receipts Tax."

8.9 **ARTICLE 3**

8.10 **METROPOLITAN AREA SALES TAX FOR TRANSIT**

8.11 Section 1. Minnesota Statutes 2012, section 297A.992, is amended to read:

8.12 **297A.992 METROPOLITAN TRANSPORTATION AREA TRANSIT SALES**
8.13 **TAX; TAX, JOINT POWERS BOARD.**

8.14 Subdivision 1. **Definitions.** For purposes of this section, the following terms have
8.15 the meanings given them:

8.16 (1) "metropolitan transportation area" means the counties participating in the joint
8.17 powers agreement under subdivision 3;

8.18 (2) "eligible county" means the county of Anoka, Carver, Dakota, Hennepin,
8.19 Ramsey, Scott, ~~or~~ and Washington;

8.20 (3) (2) "committee" means the Grant Evaluation and Ranking System (GEARS)
8.21 Committee;

8.22 (4) "minimum guarantee county" means any metropolitan county or eligible county
8.23 that is participating in the joint powers agreement under subdivision 3, whose proportion
8.24 of the annual sales tax revenue under this section collected within that county is less
8.25 than or equal to three percent; and

8.26 (3) "net transit sales tax proceeds" means the total proceeds from the sales and use
8.27 taxes imposed under this section, less the deductions identified under subdivision 8; and

8.28 (5) (4) "population" means the population, as defined in section 477A.011,
8.29 subdivision 3, estimated or established by July 15 of the year prior to the calendar year
8.30 in which the representatives will serve on the Grant Evaluation and Ranking System
8.31 Committee established under subdivision 5.

8.32 Subd. 2. **Authorization; rates.** (a) Notwithstanding section 297A.99, subdivisions
8.33 1, 2, and 3, or 477A.016, or any other law, the board of a county participating in a

9.1 joint powers agreement as specified in this section shall impose by resolution (1) a
 9.2 ~~transportation~~ transit sales and use tax at a rate of one-quarter of one percent on retail
 9.3 sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle,
 9.4 as defined in section 297B.01, subdivision 11, purchased or acquired from any person
 9.5 engaged in the business of selling motor vehicles at retail, occurring within the jurisdiction
 9.6 of the taxing authority. The taxes authorized are to fund transportation improvements as
 9.7 specified in this section, including debt service on obligations issued to finance such
 9.8 improvements pursuant to subdivision 7.

9.9 (b) The tax imposed under this section is not included in determining if the total tax
 9.10 on lodging in the city of Minneapolis exceeds the maximum allowed tax under Laws 1986,
 9.11 chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article
 9.12 12, section 87, or in determining a tax that may be imposed under any other limitations.

9.13 Subd. 2a. **Additional tax; rates.** (a) A local sales tax is imposed in the metropolitan
 9.14 counties, as defined in section 473.121, subdivision 4. In order to maintain the same rate
 9.15 across the region, the tax is imposed in each county as follows:

9.16 (1) effective for sales and purchases made after June 30, 2014, a sales and use tax on
 9.17 retail sales and uses taxable under this chapter, at a rate equal to one percent minus the
 9.18 tax rate imposed by each county under subdivision 2; and

9.19 (2) effective for vehicles acquired after June 30, 2014, if not imposed by a county
 9.20 under subdivision 2, an excise tax of \$20 per motor vehicle, as defined in section 297B.01,
 9.21 subdivision 11, purchased or acquired from any person engaged in the business of selling
 9.22 motor vehicles at retail, occurring within the jurisdiction of the county.

9.23 (b) The taxes imposed under this subdivision are not included in determining if the
 9.24 total tax on lodging in the city of Minneapolis exceeds the maximum allowed tax under
 9.25 Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session
 9.26 chapter 5, article 12, section 87, and Laws 2012, chapter 299, article 3, section 3, or in
 9.27 determining a tax that may be imposed under any other limitations.

9.28 Subd. 3. **Joint powers agreement.** (a) Before imposing the taxes authorized in
 9.29 subdivision 2, ~~an eligible~~ a county must declare by resolution of its county board to be part
 9.30 of the metropolitan transportation area and must enter into a joint powers agreement. The
 9.31 joint powers agreement:

9.32 (1) must form a joint powers board, as specified in subdivision 4;

9.33 (2) must provide a process that allows ~~any eligible~~ a county in the metropolitan
 9.34 area, by resolution of its county board, to join the joint powers board and impose the
 9.35 taxes authorized in subdivision 2;

10.1 (3) may provide for withdrawal of a participating county before final termination of
10.2 the agreement; and

10.3 (4) may provide for a weighted voting system for joint powers board decisions.

10.4 (b) All counties in the metropolitan area shall enter into an amended joint powers
10.5 agreement that conforms to the provisions of this section.

10.6 Subd. 4. **Joint powers board.** (a) The joint powers board must consist of one
10.7 or more commissioners of each county ~~that is~~ in the metropolitan ~~transportation~~ area,
10.8 appointed by its county board, and the chair of the Metropolitan Council, who must have
10.9 voting rights, subject to subdivision 3, clause (4). The joint powers board has the powers
10.10 and duties provided in this section and section 471.59.

10.11 (b) The joint powers board may utilize no more than ~~three-fourths~~ one-half of one
10.12 percent of the net transit sales tax proceeds ~~of the taxes imposed under this section~~ for
10.13 ordinary administrative expenses incurred in carrying out the provisions of this section.
10.14 Any additional administrative expenses must be paid by the participating counties.

10.15 (c) The joint powers board may establish a technical advisory group that is separate
10.16 from the GEARS Committee. The group must consist of representatives of cities, counties,
10.17 or public agencies, including the Metropolitan Council. The technical advisory group
10.18 must be used solely for technical consultation purposes.

10.19 (d) The chair of the joint powers board must be a county commissioner who is
10.20 elected by the board.

10.21 Subd. 5. **~~Grant application and awards; Grant Evaluation and Ranking System~~**
10.22 **~~(GEARS) Committee process, general requirements.~~** (a) The joint powers board shall
10.23 establish a grant application process and identify the amount of available funding for grant
10.24 awards. Grant applications must be submitted in a form prescribed by the joint powers
10.25 board. An applicant must provide, in addition to all other information required by the joint
10.26 powers board, the estimated cost of the project, the amount of the grant sought, possible
10.27 sources of funding in addition to the grant sought, and identification of any federal funds
10.28 that will be utilized if the grant is awarded. A grant application seeking transit capital
10.29 funding must identify the source of money necessary to operate the transit improvement.

10.30 (b) The joint powers board shall establish a timeline and procedures for the award of
10.31 grants, and may award grants only to the state and political subdivisions. The board shall
10.32 define objective criteria for the award of grants, which must include, but not be limited to,
10.33 consistency with the most recent version of the transportation policy plan adopted by the
10.34 Metropolitan Council under section 473.146. The joint powers board shall maximize the
10.35 availability and use of federal funds in projects funded under this section.

11.1 (c) Grants must be funded by the proceeds of the taxes imposed under this section, or
 11.2 by bonds, notes, or other obligations issued by the joint powers board under subdivision 7.

11.3 Subd. 5a. Grant awards; Grant Evaluation and Ranking System (GEARS)

11.4 Committee. (a) The joint powers board shall establish a GEARS Committee, which
 11.5 must consist of:

11.6 (1) one county commissioner from each county ~~that is~~ in the metropolitan
 11.7 ~~transportation~~ area, appointed by its county board;

11.8 (2) one elected city representative from each county ~~that is~~ in the metropolitan
 11.9 ~~transportation~~ area;

11.10 (3) one additional elected city representative from each county for every additional
 11.11 400,000 in population, or fraction of 400,000, in the county that is above 400,000 in
 11.12 population; and

11.13 (4) the chair of the Metropolitan Council Transportation Committee.

11.14 ~~(d)~~ (b) Each city representative must be elected at a meeting of cities in the
 11.15 metropolitan ~~transportation~~ area, which must be convened for that purpose by the
 11.16 Association of Metropolitan Municipalities.

11.17 ~~(e)~~ (c) The committee shall:

11.18 (1) evaluate grant applications following objective criteria established by the joint
 11.19 powers board, and must;

11.20 (2) provide to the joint powers board a selection list of transportation projects that
 11.21 includes a priority ranking;

11.22 (3) annually evaluate and award grants to local units of government, including
 11.23 park districts for construction and maintenance of regional bicycle, trail, and pedestrian
 11.24 infrastructure, and for safe routes to school infrastructure; and

11.25 (4) annually evaluate and award grants to cities for planning activities related to
 11.26 land use and transportation linkages, streetcar development, or bicycle and pedestrian
 11.27 connections.

11.28 (d) Grants awarded by the committee under paragraph (c), clauses (3) and (4), are
 11.29 not subject to approval by the board. Annually, the committee shall award grants under
 11.30 those clauses in a total amount that equals no less than ten percent of the net transit sales
 11.31 tax proceeds.

11.32 (e) The committee may award a grant under paragraph (c), clause (3), only if the
 11.33 project being funded is in compliance with:

11.34 (1) a regional nonmotorized transportation system plan developed by the
 11.35 Metropolitan Council; or

12.1 (2) a municipal nonmotorized transportation plan, which must provide coordinated
 12.2 development of transportation facilities located in adjacent communities, including
 12.3 connections between facilities in each community.

12.4 Subd. 5b. Grant awards; consistency with transportation plans. (f) A grant
 12.5 award for a transit project located within the metropolitan area, as defined in section
 12.6 473.121, subdivision 2, may be funded only after the Metropolitan Council reviews the
 12.7 project for consistency with the transit portion of the Metropolitan Council policy plan
 12.8 and one of the following occurs:

12.9 (1) the Metropolitan Council finds the project to be consistent;

12.10 (2) the Metropolitan Council initially finds the project to be inconsistent, but after a
 12.11 good faith effort to resolve the inconsistency through negotiations with the joint powers
 12.12 board, agrees that the grant award may be funded; or

12.13 (3) the Metropolitan Council finds the project to be inconsistent, and submits the
 12.14 consistency issue for final determination to a panel, which determines the project to be
 12.15 consistent. The panel is composed of a member appointed by the chair of the Metropolitan
 12.16 Council, a member appointed by the joint powers board, and a member agreed upon by
 12.17 both the chair and the joint powers board.

12.18 ~~(g) Grants must be funded by the proceeds of the taxes imposed under this section,~~
 12.19 ~~bonds, notes, or other obligations issued by the joint powers board under subdivision 7.~~

12.20 ~~(h) Notwithstanding the provisions of this section except subdivision 6a, of~~
 12.21 ~~the revenue collected under this section, the joint powers board shall allocate to the~~
 12.22 ~~Metropolitan Council, in fiscal years 2012 and 2013, an amount not less than 75 percent of~~
 12.23 ~~the net cost of operations for those transit ways that were receiving metropolitan sales tax~~
 12.24 ~~funds through an operating grant agreement on June 30, 2011.~~

12.25 ~~(i) The Metropolitan Council shall expend any funds allocated under paragraph (h)~~
 12.26 ~~for the operations of the specified transit ways solely within those counties that are in the~~
 12.27 ~~metropolitan transportation area.~~

12.28 ~~(j) Nothing in paragraph (h) or (i) prevents grant awards to the Metropolitan Council~~
 12.29 ~~for capital and operating assistance for transit ways and park-and-ride facilities.~~

12.30 Subd. 6. Allocation of Grant awards; eligible uses. (a) The board must allocate
 12.31 grant awards only for the following transit purposes:

12.32 (1) transitway development and operations, consisting of:

12.33 (i) capital improvements to transitways, including, but not limited to, commuter rail
 12.34 rolling stock, light rail vehicles, and transitway buses;

12.35 (ii) capital costs for park-and-ride facilities, as defined in section 174.256,
 12.36 subdivision 2;

13.1 (iii) feasibility studies, planning, alternatives analyses, environmental studies,
 13.2 engineering, property acquisition for transitway purposes, and construction of transitways,
 13.3 as identified in the transportation policy plan most recently adopted by the Metropolitan
 13.4 Council; and

13.5 (iv) operating assistance for transitways; and

13.6 (2) as specified under subdivision 5a.

13.7 (b) The joint powers board must ~~annually award grants to each minimum guarantee~~
 13.8 ~~county in an amount no less than the amount of sales tax revenue collected within that~~
 13.9 ~~county as follows:~~

13.10 (1) to Scott County and Carver County, 55 percent of the net sales tax proceeds
 13.11 generated by one-quarter of one percent collected in each county respectively for calendar
 13.12 years 2015 to 2019;

13.13 (2) to the Metropolitan Council for development and construction of the Southwest
 13.14 light rail transit project and the Bottineau Boulevard, Riverview, Robert Street, Red Rock,
 13.15 Gateway, I-394 Commuter Corridor, and Rush Line transitways;

13.16 (3) to the Metropolitan Council for development and construction of arterial bus rapid
 13.17 transit corridors as described in the Metropolitan Council transportation policy plan; and

13.18 (4) to the Center for Transportation Studies, University of Minnesota, \$500,000
 13.19 annually for research to improve accessibility, operational efficiency, and safety of transit
 13.20 systems.

13.21 (e) ~~No more than 1.25 percent of the total awards may be annually allocated for~~
 13.22 ~~planning, studies, design, construction, maintenance, and operation of pedestrian programs~~
 13.23 ~~and bicycle programs and pathways.~~

13.24 Subd. 6a. **Priority of fund uses.** The joint powers board shall allocate all revenues
 13.25 from the taxes imposed under this section in conformance with the following priority order:

13.26 (1) payment of debt service necessary for the fiscal year on bonds or other
 13.27 obligations ~~issued prior to January 1, 2011,~~ under subdivision 7; and

13.28 (2) as otherwise authorized under this section.

13.29 Subd. 7. **Bonds.** (a) The joint powers board or any county, acting under a joint
 13.30 powers agreement as specified in this section, may, by resolution, authorize, issue, and sell
 13.31 its bonds, notes, or other obligations for the purpose of funding grants under subdivision
 13.32 6. The joint powers board or county may also, by resolution, issue bonds to refund the
 13.33 bonds issued pursuant to this subdivision.

13.34 (b) The bonds of the joint powers board must be limited obligations, payable solely
 13.35 from or secured by taxes levied under this section.

14.1 (c) The bonds of any county may be limited obligations, payable solely from or
 14.2 secured by taxes levied under this section. A county may also pledge its full faith, credit,
 14.3 and taxing power as additional security for the bonds.

14.4 (d) Bonds may be issued in one or more series and sold without an election. The bonds
 14.5 shall be secured, bear the interest rate or rates or a variable rate, have the rank or priority,
 14.6 be executed in the manner, be payable in the manner, mature, and be subject to the defaults,
 14.7 redemptions, repurchases, tender options, or other terms, and shall be sold in such manner
 14.8 as the joint powers board, the regional railroad authority, or the county may determine.

14.9 (e) The joint powers board or any regional railroad authority or any county may
 14.10 enter into and perform all contracts deemed necessary or desirable by it to issue and secure
 14.11 the bonds, including an indenture of trust with a trustee within or without the state.

14.12 (f) Except as otherwise provided in this subdivision, the bonds must be issued and
 14.13 sold in the manner provided under chapter 475.

14.14 (g) The joint powers board or any regional railroad authority wholly within the
 14.15 metropolitan transportation area also may authorize, issue, and sell its bonds, notes, or
 14.16 other obligations for the purposes, and in accordance with the procedures, set forth in
 14.17 section 398A.07 to fund grants as provided in subdivision 6. The bonds of any regional
 14.18 railroad authority may be limited obligations, payable solely from or secured by taxes
 14.19 levied under this section. A regional railroad authority may also pledge its taxing powers
 14.20 as additional security for the bonds.

14.21 Subd. 8. **Allocation Remittance of revenues.** After the deductions allowed in
 14.22 section 297A.99, subdivision 11, the commissioner of revenue shall remit the net proceeds
 14.23 of the taxes imposed under this section on a monthly basis, as ~~directed by the joint powers~~
 14.24 ~~board under this section~~ provided under section 297A.9925.

14.25 Subd. 9. **Administration, collection, enforcement.** Except as otherwise provided
 14.26 in this section, the provisions of section 297A.99, subdivisions 4 and 6 to 12a, govern the
 14.27 administration, collection, and enforcement of the tax authorized under this section.

14.28 Subd. 10. **Termination of local option taxes.** (a) The taxes imposed under ~~section~~
 14.29 ~~297A.99, subdivision 1, subdivision 2~~ by a county that withdraws from the joint powers
 14.30 agreement pursuant to subdivision 3, clause (3), shall terminate when the county has
 14.31 satisfied its portion, as defined in the joint powers agreement, of all outstanding bonds or
 14.32 obligations entered into while the county was a member of the agreement.

14.33 (b) If the joint powers agreement under subdivision 3 is terminated, the taxes
 14.34 imposed under ~~section 297A.99, subdivision 1, subdivision 2~~ at the time of the agreement
 14.35 termination will terminate when all outstanding bonds or obligations are satisfied. The

15.1 auditors of the counties in which the taxes are imposed shall see to the administration of
15.2 this paragraph.

15.3 Subd. 11. **Report.** The joint powers board shall report annually by February 1 to the
15.4 ~~house of representatives and senate~~ chairs and ranking minority members of the legislative
15.5 committees having jurisdiction over transportation policy and finance concerning the:
15.6 (1) board activities and actions; (2) bonds authorized or issued under subdivision 7; (3)
15.7 revenues received; and (4) grants awarded.

15.8 Subd. 12. **Grant awards to Metropolitan Council.** Any grant award under this
15.9 section made to the Metropolitan Council must supplement, and must not supplant,
15.10 operating and capital assistance provided by the state.

15.11 **EFFECTIVE DATE.** This section is effective July 1, 2014, for sales and purchases
15.12 made after June 30, 2014, except that the imposition of the tax under subdivision 2a shall
15.13 be on the first day of the calendar quarter beginning at least 60 days after the date of final
15.14 enactment. This section applies in the counties of Anoka, Carver, Dakota, Hennepin,
15.15 Ramsey, Scott, and Washington.

15.16 Sec. 2. **[297A.9925] METROPOLITAN AREA TRANSIT SALES TAX;**
15.17 **ALLOCATION OF FUNDS.**

15.18 Subdivision 1. **Definitions.** For purposes of this section, the following terms have
15.19 the meanings given them:

15.20 (1) "board" means the joint powers board established under section 297A.992; and

15.21 (2) "net transit sales tax proceeds" has the meaning given in section 297A.992,
15.22 subdivision 1.

15.23 Subd. 2. **Allocation formula.** In the manner specified under subdivision 6, the net
15.24 transit sales tax proceeds shall be allocated under subdivision 3 by the board and the
15.25 Metropolitan Council for all of the following purposes:

15.26 (1) payment of debt service on bonds or other obligations;

15.27 (2) Metropolitan Council transit operations;

15.28 (3) 100 percent of the net operating subsidies for transitways and arterial bus rapid
15.29 transit;

15.30 (4) grants awarded by the GEARS committee under section 297A.992, subdivision
15.31 5a;

15.32 (5) expansion and operation of regular route and commuter bus service provided
15.33 by metro transit and suburban transit providers with expansion of service by an annual
15.34 average rate of four percent;

16.1 (6) \$500,000 annually for a grant to the Center for Transportation Studies at the
 16.2 University of Minnesota; and

16.3 (7) the remaining revenues following the allocations under clauses (1) to (6), to the
 16.4 board, the council, or both, as specified in the joint certification under subdivision 3.

16.5 Subd. 3. **Joint certification.** (a) The board and the Metropolitan Council shall
 16.6 annually develop a joint certification as provided in this subdivision. The joint certification
 16.7 must include, at a minimum, allocations for the purposes stated in subdivision 2 and must
 16.8 be separately adopted by the board and by the council no later than August 31 of each year.

16.9 (b) By July 1, 2014, and by March 15 of each subsequent year, the commissioner of
 16.10 Minnesota Management and Budget shall provide to the board and council an estimate of
 16.11 the net transit sales tax proceeds for the subsequent calendar year.

16.12 (c) If, on October 1 in any year, the board and the Metropolitan Council have not
 16.13 reached agreement as to the contents of the joint certification, they shall submit the issue
 16.14 to a panel for dispute resolution. The panel shall be composed of a member appointed by
 16.15 the chair of the Metropolitan Council, a member appointed by the board, and a member
 16.16 agreed upon by both the chair and the board. The panel shall mediate discussion of areas
 16.17 of disagreement and shall issue advisory recommendations.

16.18 (d) If the commissioner does not receive a joint certification by December 1, the
 16.19 commissioner may not remit the proceeds identified under subdivision 2, clause (7),
 16.20 except as provided by a legislatively enacted appropriation.

16.21 (e) The joint certification must specify the use of sales tax proceeds and account for
 16.22 deposit of the remainder after allocations.

16.23 (f) A joint certification may not exceed the estimated net transit sales tax proceeds
 16.24 less the allocations required under subdivision 2, clauses (1) to (6).

16.25 (g) By December 15 annually, the board shall electronically submit a copy of any
 16.26 joint certification to the chairs and ranking minority members of the legislative committees
 16.27 with jurisdiction over transportation policy and finance.

16.28 Subd. 4. **Uses and priorities; Metropolitan Council.** The Metropolitan Council
 16.29 shall use funds remitted to the council under this section in the following priority order:

16.30 (1) continuation of bus and rail transit operations, including but not limited to
 16.31 operations of providers under section 473.388, and operations and maintenance of all
 16.32 transitways under revenue operations; and

16.33 (2) transit expansion in accordance with the transit portion of the council's policy
 16.34 transit plan, including, but not limited to, expansion and upgrades of bus service and
 16.35 related amenities, including transit provided under section 473.388, development of

17.1 arterial bus rapid transit, transitways, and streetcars as appropriate, and maintenance of
 17.2 affordable transit fares.

17.3 Subd. 5. **Uses and priorities; joint powers board.** The board shall use all funds
 17.4 remitted to the board under this section as provided in section 297A.992.

17.5 Subd. 6. **Remittance schedule.** The commissioner of revenue shall remit the net
 17.6 transit sales tax proceeds on a monthly basis to a fiscal agent selected by the board and
 17.7 council. The fiscal agent shall maintain three separate accounts: a council account, a
 17.8 board account, and an escrow account. Proceeds shall be deposited first into the board
 17.9 and council accounts based on the amounts indicated in subdivisions 2, 3, and 7, then into
 17.10 the escrow account. The rate of deposit for all or any portion of the proceeds into any
 17.11 account may be modified by mutual agreement of the parties to reflect bond covenants
 17.12 or cash flow needs. Proceeds deposited into the board and council accounts shall be
 17.13 transferred to the board and council, respectively, within five business days of receipt.
 17.14 Unless otherwise directed herein, money held in the escrow account is subject to the joint
 17.15 certification process under subdivision 3.

17.16 Subd. 7. **Transition.** Notwithstanding subdivision 2, for the calendar year ending
 17.17 December 31, 2014, the board shall advance proceeds from the net transit sales tax
 17.18 imposed in section 297A.992, subdivision 2, for transit operations under chapter 473
 17.19 and for capital needs.

17.20 The board account will be reimbursed from net sales tax proceeds in calendar year
 17.21 2015.

17.22 **EFFECTIVE DATE.** This section is effective July 1, 2014, and applies in the
 17.23 counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

17.24 **ARTICLE 4**

17.25 **OTHER TAXES**

17.26 Section 1. Minnesota Statutes 2012, section 162.07, subdivision 1a, is amended to read:

17.27 Subd. 1a. **Apportionment sum and excess sum.** (a) For purposes of this
 17.28 subdivision, "distribution amount" means the amount identified in section 162.06,
 17.29 subdivision 1, after the deductions provided for in section 162.06 for administrative costs,
 17.30 disaster account, research account, and state park road account.

17.31 (b) The apportionment sum is calculated by ~~subtracting the excess sum, as calculated~~
 17.32 ~~in paragraph (e), from~~ as 68 percent of the distribution amount.

17.33 (c) The excess sum is calculated as ~~the sum of revenue within~~ 32 percent of the
 17.34 distribution amount.

18.1 ~~(1) attributed to that portion of the gasoline excise tax rate under section 296A.07,~~
 18.2 ~~subdivision 3, in excess of 20 cents per gallon, and to that portion of the excise tax rates~~
 18.3 ~~in excess of the energy equivalent of a gasoline excise tax rate of 20 cents per gallon~~
 18.4 ~~for E85 and M85 under section 296A.07, subdivision 3, and special fuel under section~~
 18.5 ~~296A.08, subdivision 2;~~

18.6 ~~(2) attributed to a change in the passenger vehicle registration tax under section~~
 18.7 ~~168.013, imposed on or after July 1, 2008, that exceeds (i) the amount collected in fiscal~~
 18.8 ~~year 2008, multiplied by (ii) the annual average United States Consumer Price Index for~~
 18.9 ~~the calendar year previous to the current calendar year, divided by the annual average~~
 18.10 ~~United States Consumer Price Index for calendar year 2007; and~~

18.11 ~~(3) attributed to that portion of the motor vehicle sales tax revenue in excess of the~~
 18.12 ~~percentage allocated to the county state-aid highway fund in fiscal year 2007.~~

18.13 ~~(d) For purposes of this subdivision, the United States Consumer Price Index~~
 18.14 ~~identified in paragraph (c) is for all urban consumers, United States city average, as~~
 18.15 ~~determined by the United States Department of Labor.~~

18.16 **EFFECTIVE DATE.** This section is effective October 1, 2014.

18.17 Sec. 2. Minnesota Statutes 2013 Supplement, section 297A.815, subdivision 3, is
 18.18 amended to read:

18.19 Subd. 3. **Motor vehicle lease sales tax revenue.** ~~(a) For purposes of this~~
 18.20 ~~subdivision, "net revenue" means an amount equal to:~~

18.21 ~~(1) the revenues, including interest and penalties, collected under this section, during~~
 18.22 ~~the fiscal year; less~~

18.23 ~~(2) in fiscal year 2011, \$30,100,000; in fiscal year 2012, \$31,100,000; and in fiscal~~
 18.24 ~~year 2013 and following fiscal years, \$32,000,000.~~

18.25 ~~(b) On or before June 30 of each fiscal year, the commissioner of revenue shall~~
 18.26 ~~estimate the amount of the revenues and subtraction under paragraph (a) for the current~~
 18.27 ~~fiscal year, including interest and penalties, collected under this section during the fiscal~~
 18.28 ~~year.~~

18.29 ~~(c) (b) On or after July 1 of the subsequent fiscal year, the commissioner of~~
 18.30 ~~management and budget shall transfer the net revenue revenues as estimated in paragraph~~
 18.31 ~~(b) (a) from the general fund, as follows:~~

18.32 ~~(1) \$9,000,000 annually until January 1, 2016, and 50 30 percent annually thereafter~~
 18.33 ~~to the county state-aid highway fund. Notwithstanding any other law to the contrary, the~~
 18.34 ~~commissioner of transportation shall allocate the funds transferred under this clause to the~~
 18.35 ~~counties in the metropolitan area, as defined in section 473.121, subdivision 4, excluding~~

19.1 the counties of Hennepin and Ramsey, so that each county shall receive of such amount
 19.2 the percentage that its population, as defined in section 477A.011, subdivision 3, estimated
 19.3 or established by July 15 of the year prior to the current calendar year, bears to the total
 19.4 population of the counties receiving funds under this clause; and

19.5 (2) ~~the remainder~~ 70 percent to the greater Minnesota transit account.

19.6 **EFFECTIVE DATE.** This section is effective January 1, 2016.

19.7 **ARTICLE 5**

19.8 **EFFICIENCY MEASURES**

19.9 Section 1. **[161.225] LOANS FOR LAND ACQUISITION FOR HIGHWAY**
 19.10 **PROJECTS.**

19.11 Subdivision 1. **Account established.** The state right-of-way acquisition loan
 19.12 account is created in the trunk highway fund for the purposes specified in this section.
 19.13 Money in the account is annually appropriated to the commissioner and does not lapse.
 19.14 Interest from the investment of money in this account must be deposited in the state
 19.15 right-of-way acquisition loan account.

19.16 Subd. 2. **Loans.** (a) The commissioner may make loans to counties, towns, and
 19.17 statutory and home rule charter cities for the purchase of property within the right-of-way
 19.18 of a state trunk highway shown on an official map adopted pursuant to section 394.361 or
 19.19 462.359, or for the purchase of property within the proposed right-of-way of a principal
 19.20 or intermediate arterial highway. The loans shall be made from the fund established
 19.21 pursuant to this subdivision for purchases approved by the commissioner. The loans
 19.22 shall bear no interest.

19.23 (b) The commissioner shall make loans only:

19.24 (1) to accelerate the acquisition of primarily undeveloped property when there
 19.25 is a reasonable probability that the property will increase in value before highway
 19.26 construction, and to update an expired environmental impact statement on a project for
 19.27 which the right-of-way is being purchased;

19.28 (2) to avert the imminent conversion or the granting of approvals which would allow
 19.29 the conversion of property to uses which would jeopardize its availability for highway
 19.30 construction;

19.31 (3) to advance planning and environmental activities on highest priority major
 19.32 metropolitan river crossing projects under the transportation development guide chapter
 19.33 policy plan; or

20.1 (4) to take advantage of open market opportunities when developed properties
20.2 become available for sale, provided all parties involved are agreeable to the sale and
20.3 funds are available.

20.4 (c) The commissioner shall not make loans for the purchase of property at a price
20.5 which exceeds the fair market value of the property or which includes the costs of
20.6 relocating or moving persons or property. The eminent domain process may be used to
20.7 settle differences of opinion as to fair market value, provided all parties agree to the process.

20.8 (d) A private property owner may elect to receive the purchase price either
20.9 in a lump sum or in not more than four annual installments without interest on the
20.10 deferred installments. If the purchase agreement provides for installment payments,
20.11 the commissioner shall make the loan in installments corresponding to those in the
20.12 purchase agreement. The recipient of an acquisition loan shall convey the property for the
20.13 construction of the highway at the same price which the recipient paid for the property. The
20.14 price may include the costs of preparing environmental documents that were required for
20.15 the acquisition and that were paid for with money that the recipient received from the loan
20.16 fund. Upon notification by the commissioner that the plan to construct the highway has been
20.17 abandoned or the anticipated location of the highway has changed, the recipient shall sell
20.18 the property at market value in accordance with the procedures required for the disposition
20.19 of the property. All rents and other money received because of the recipient's ownership
20.20 of the property and all proceeds from the conveyance or sale of the property shall be paid
20.21 to the commissioner. If a recipient is not permitted to include in the conveyance price the
20.22 cost of preparing environmental documents that were required for the acquisition, then the
20.23 recipient is not required to repay the commissioner an amount equal to 40 percent of the
20.24 money received from the loan fund and spent in preparing the environmental documents.

20.25 (e) For administration of the loan program, the commissioner may expend from the
20.26 fund each year an amount no greater than three percent of the amount of the proceeds for
20.27 that year.

20.28 **Subd. 3. Loans for acquisition and relocation.** (a) The commissioner may
20.29 make loans to acquiring authorities within the metropolitan area to purchase homestead
20.30 property located in a proposed state trunk highway right-of-way or project, and to provide
20.31 relocation assistance. Acquiring authorities are authorized to accept the loans and to
20.32 acquire the property. Except as provided in this subdivision, the loans shall be made as
20.33 provided in subdivision 2. Loans shall be in the amount of the fair market value of the
20.34 homestead property plus relocation costs and less salvage value. Before construction of
20.35 the highway begins, the acquiring authority shall convey the property to the commissioner

21.1 at the same price it paid, plus relocation costs and less its salvage value. Acquisition and
 21.2 assistance under this subdivision must conform to sections 117.50 to 117.56.

21.3 (b) The commissioner may make loans only when:

21.4 (1) the owner of affected homestead property requests acquisition and relocation
 21.5 assistance from an acquiring authority;

21.6 (2) federal or state financial participation is not available;

21.7 (3) the owner is unable to sell the homestead property at its appraised market value
 21.8 because the property is located in a proposed state trunk highway right-of-way or project as
 21.9 indicated on an official map or plat adopted under section 160.085, 394.361, or 462.359; and

21.10 (4) the commissioner agrees to and approves the fair market value of the homestead
 21.11 property, which approval shall not be unreasonably withheld.

21.12 (c) For purposes of this subdivision, the following terms have the meanings given
 21.13 them.

21.14 (1) "Acquiring authority" means counties, towns, and statutory and home rule
 21.15 charter cities.

21.16 (2) "Homestead property" means: (i) a single-family dwelling occupied by the
 21.17 owner, and the surrounding land, not exceeding a total of ten acres; or (ii) a manufactured
 21.18 home, as defined in section 327B.01, subdivision 13.

21.19 (3) "Salvage value" means the probable sale price of the dwelling and other property
 21.20 that is severable from the land if offered for sale on the condition that it be removed from
 21.21 the land at the buyer's expense, allowing a reasonable time to find a buyer with knowledge
 21.22 of the possible uses of the property, including separate use of serviceable components and
 21.23 scrap when there is no other reasonable prospect of sale.

21.24 **EFFECTIVE DATE.** This section is effective January 1, 2015.

21.25 Sec. 2. **[174.53] FEDERAL FUND FLEXIBILITY PROGRAM.**

21.26 The commissioner shall establish a program to allow greater flexibility and
 21.27 efficiency in the allocation of federal funds for state-aid transportation projects. The
 21.28 commissioner shall:

21.29 (1) establish and administer selection criteria and a process under which a local unit
 21.30 of government that would otherwise receive federal funds for a local transportation project
 21.31 would be able to finance the project with state funds instead of federal funds;

21.32 (2) redirect the unused federal funds to transportation projects for which federal
 21.33 funds could be utilized by the state more efficiently and productively;

21.34 (3) achieve a reasonable degree of equity among the department districts in
 21.35 distributing funds under the program; and

22.1 (4) ensure that the state's receipt of federal funds for transportation projects is not
 22.2 jeopardized by the program.

22.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

22.4 Sec. 3. Minnesota Statutes 2012, section 473.167, is amended to read:

22.5 **473.167 HIGHWAY AND TRANSIT PROJECTS.**

22.6 Subd. 2. **Loans for acquisition.** (a) The council may make loans to counties, towns,
 22.7 and statutory and home rule charter cities within the metropolitan area for the purchase of
 22.8 property within the right-of-way of a state trunk highway shown on an official map adopted
 22.9 pursuant to section 394.361 or 462.359 ~~or~~ for the purchase of property within the proposed
 22.10 right-of-way of a principal or intermediate arterial highway designated by the council as a
 22.11 part of the metropolitan highway system plan and approved by the council pursuant to
 22.12 section 473.166, or for the purchase of property needed for proposed transit-related capital
 22.13 improvements, including transitways designated in the council's most recent transportation
 22.14 policy plan. The loans shall be made by the council, from the fund established pursuant to
 22.15 this subdivision, for purchases approved by the council. The loans shall bear no interest.

22.16 (b) The council shall make loans only:

22.17 (1) to accelerate the acquisition of primarily undeveloped property when there
 22.18 is a reasonable probability that the property will increase in value before highway or
 22.19 transit-related construction, and to update an expired environmental impact statement on
 22.20 a project for which the right-of-way is being purchased;

22.21 (2) to avert the imminent conversion or the granting of approvals which would allow
 22.22 the conversion of property to uses which would jeopardize its availability for highway or
 22.23 transit-related construction;

22.24 (3) to advance planning and environmental activities on highest priority major
 22.25 metropolitan river crossing projects, under the transportation development guide
 22.26 chapter/policy plan; or

22.27 (4) to take advantage of open market opportunities when developed properties
 22.28 become available for sale, provided all parties involved are agreeable to the sale and
 22.29 funds are available.

22.30 (c) The council shall not make loans for the purchase of property at a price which
 22.31 exceeds the fair market value of the property or which includes the costs of relocating or
 22.32 moving persons or property. The eminent domain process may be used to settle differences
 22.33 of opinion as to fair market value, provided all parties agree to the process.

23.1 (d) A private property owner may elect to receive the purchase price either in a
23.2 lump sum or in not more than four annual installments without interest on the deferred
23.3 installments. If the purchase agreement provides for installment payments, the council
23.4 shall make the loan in installments corresponding to those in the purchase agreement. The
23.5 recipient of an acquisition loan shall convey the property for the construction of the highway
23.6 at the same price which the recipient paid for the property. The price may include the costs
23.7 of preparing environmental documents that were required for the acquisition and that were
23.8 paid for with money that the recipient received from the loan fund. Upon notification by
23.9 the council that the plan to construct the highway or transit project has been abandoned or
23.10 the anticipated location of the highway or transit project changed, the recipient shall sell
23.11 the property at market value in accordance with the procedures required for the disposition
23.12 of the property. All rents and other money received because of the recipient's ownership
23.13 of the property and all proceeds from the conveyance or sale of the property shall be paid
23.14 to the council. If a recipient is not permitted to include in the conveyance price the cost
23.15 of preparing environmental documents that were required for the acquisition, then the
23.16 recipient is not required to repay the council an amount equal to 40 percent of the money
23.17 received from the loan fund and spent in preparing the environmental documents.

23.18 (e) The proceeds of the tax authorized by subdivision 3, all money paid to the
23.19 council by recipients of loans, and all interest on the proceeds and payments shall be
23.20 maintained as a separate fund. For administration of the loan program, the council may
23.21 expend from the fund each year an amount no greater than three percent of the amount of
23.22 the proceeds for that year.

23.23 Subd. 2a. **Loans for acquisition and relocation.** (a) The council may make loans
23.24 to acquiring authorities within the metropolitan area to purchase homestead property
23.25 located in a proposed state trunk highway right-of-way or project or transit-related project,
23.26 and to provide relocation assistance. Acquiring authorities are authorized to accept the
23.27 loans and to acquire the property. Except as provided in this subdivision, the loans shall
23.28 be made as provided in subdivision 2. Loans shall be in the amount of the fair market
23.29 value of the homestead property plus relocation costs and less salvage value. Before
23.30 construction of the highway or transit-related project begins, the acquiring authority shall
23.31 convey the property to the commissioner of transportation or council at the same price it
23.32 paid, plus relocation costs and less its salvage value. Acquisition and assistance under this
23.33 subdivision must conform to sections 117.50 to 117.56.

23.34 (b) The council may make loans only when:

23.35 (1) the owner of affected homestead property requests acquisition and relocation
23.36 assistance from an acquiring authority;

24.1 (2) federal or state financial participation is not available;

24.2 (3) the owner is unable to sell the homestead property at its appraised market
24.3 value because the property is located in a proposed state trunk highway right-of-way or
24.4 project as indicated on an official map or plat adopted under section 160.085, 394.361,
24.5 or 462.359, or transit-related project; and

24.6 (4) the council agrees to and approves the fair market value of the homestead
24.7 property, which approval shall not be unreasonably withheld.

24.8 (c) For purposes of this subdivision, the following terms have the meanings given
24.9 them.

24.10 (1) "Acquiring authority" means counties, towns, and statutory and home rule
24.11 charter cities in the metropolitan area.

24.12 (2) "Homestead property" means: (i) a single-family dwelling occupied by the
24.13 owner, and the surrounding land, not exceeding a total of ten acres; or (ii) a manufactured
24.14 home, as defined in section 327B.01, subdivision 13.

24.15 (3) "Salvage value" means the probable sale price of the dwelling and other property
24.16 that is severable from the land if offered for sale on the condition that it be removed from
24.17 the land at the buyer's expense, allowing a reasonable time to find a buyer with knowledge
24.18 of the possible uses of the property, including separate use of serviceable components and
24.19 scrap when there is no other reasonable prospect of sale.

24.20 Subd. 3. **Tax.** The council may levy a tax on all taxable property in the metropolitan
24.21 area, as defined in section 473.121, to provide funds for loans made pursuant to
24.22 subdivisions 2 and 2a. This tax for the right-of-way acquisition loan fund shall be certified
24.23 by the council, levied, and collected in the manner provided by section 473.13. The tax
24.24 shall be in addition to that authorized by section 473.249 and any other law and shall not
24.25 affect the amount or rate of taxes which may be levied by the council or any metropolitan
24.26 agency or local governmental unit. The amount of the levy shall be as determined and
24.27 certified by the council, provided that the tax levied by the Metropolitan Council for the
24.28 right-of-way acquisition loan fund shall not exceed ~~\$2,828,379 for taxes payable in 2004~~
24.29 ~~and \$2,828,379 for taxes payable in 2005~~. The amount of the levy for taxes payable in
24.30 ~~2006 and subsequent years shall not exceed~~ the product of (1) the Metropolitan Council's
24.31 property tax levy limitation under this subdivision for the previous year, multiplied by
24.32 (2) one plus a percentage equal to the growth in the implicit price deflator as defined
24.33 in section 275.70, subdivision 2.

24.34 Subd. 4. **State review.** The commissioner of revenue shall certify the council's levy
24.35 limitation under this section to the council by August 1 of the levy year. The council must
24.36 certify its proposed property tax levy to the commissioner of revenue by September 1 of

25.1 the levy year. The commissioner of revenue shall annually determine whether the property
 25.2 tax for the right-of-way acquisition loan fund certified by the Metropolitan Council for
 25.3 levy following the adoption of its proposed budget is within the levy limitation imposed
 25.4 by this section. The determination must be completed prior to September 10 of each year.
 25.5 If current information regarding market valuation in any county is not transmitted to the
 25.6 commissioner in a timely manner, the commissioner may estimate the current market
 25.7 valuation within that county for purposes of making the calculation.

25.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

25.9 Sec. 4. **APPROPRIATION.**

25.10 \$..... is appropriated from the trunk highway fund to the commissioner of
 25.11 transportation for deposit in the state right-of-way acquisition loan account under
 25.12 Minnesota Statutes, section 161.225.

25.13 **EFFECTIVE DATE.** This section is effective January 1, 2015.

25.14 **ARTICLE 6**

25.15 **TRANSPORTATION POLICY**

25.16 Section 1. Minnesota Statutes 2013 Supplement, section 174.42, is amended by adding
 25.17 a subdivision to read:

25.18 **Subd. 3. Funding requirement for greater Minnesota.** (a) In each federal fiscal
 25.19 year, the commissioner shall spend a total amount in federal transportation funds for
 25.20 an active transportation competitive grant program in greater Minnesota that totals a
 25.21 minimum of \$16,000,000 in excess of the average annual spending on greater Minnesota
 25.22 transportation alternatives projects in federal fiscal years between October 2009 and
 25.23 September 2012. This requirement must not reduce the amount of federal transportation
 25.24 funding for metropolitan projects.

25.25 (b) Grant funds will be made available to cities, counties, and townships for safe
 25.26 routes to school infrastructure, bicycle and pedestrian elements of a main streets program,
 25.27 and planning activities and construction and maintenance of bicycle, trail, and pedestrian
 25.28 infrastructure. The commissioner shall establish criteria for the competitive grant program
 25.29 and a transparent process for soliciting proposals and awarding grants.

25.30 **EFFECTIVE DATE.** This section is effective October 1, 2014.

25.31 Sec. 2. **[473.41] TRANSIT SHELTERS AND STOPS.**

26.1 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms
26.2 have the meanings given.

26.3 (b) "Transit authority" means:

26.4 (1) a statutory or home rule charter city, with respect to rights-of-way at bus stop and
26.5 train stop locations, transit shelters, and transit passenger seating facilities owned by the
26.6 city or established pursuant to a vendor contract with the city;

26.7 (2) the Metropolitan Council, with respect to transit shelters and transit passenger
26.8 seating facilities owned by the council or established pursuant to a vendor contract with
26.9 the council; or

26.10 (3) a replacement service provider under section 473.388, with respect to
26.11 rights-of-way at bus stop and train stop locations, transit shelters, and transit passenger
26.12 seating facilities owned by the provider or established pursuant to a vendor contract
26.13 with the provider.

26.14 (c) "Transit shelter" means a wholly or partially enclosed structure provided for
26.15 public use as a waiting area in conjunction with light rail transit, bus rapid transit, or
26.16 regular route transit.

26.17 Subd. 2. **Design.** (a) A transit authority shall establish design specifications for
26.18 establishment and replacement of its transit shelters, which must include:

26.19 (1) engineering standards, as appropriate;

26.20 (2) maximization of protection from the wind, snow, and other elements, including
26.21 but not limited to: (i) walls and barriers that fully extend to the ground or base of the
26.22 structure; (ii) entrances that are equivalently sized to regular doorways; and (iii) other
26.23 than entrances, a fully enclosed facility;

26.24 (3) to the extent feasible, inclusion of warming capability at each shelter in which
26.25 there is a proportionally high number of transit service passenger boardings; and

26.26 (4) full accessibility for the elderly and persons with disabilities.

26.27 (b) The council shall consult with the Transportation Accessibility Advisory
26.28 Committee in establishing the specifications under this subdivision.

26.29 Subd. 3. **Maintenance.** A transit authority shall ensure that bus stops and transit
26.30 shelters are maintained in good working order and are accessible to all users of the transit
26.31 system. This requirement includes but is not limited to:

26.32 (1) inspecting automatic doors and entrances on at least a weekly basis and promptly
26.33 repairing or replacing any that are not functioning properly;

26.34 (2) keeping transit shelters reasonably clean and free from graffiti; and

27.1 (3) removing snow and ice in a manner that provides accessibility for the elderly and
27.2 persons with disabilities to be able to enter and exit transit shelters, and board and exit
27.3 transit buses and trains at the regular boarding and exit points at each stop.

27.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

27.5 Sec. 3. Minnesota Statutes 2012, section 473.915, is amended to read:

27.6 **473.915 PROCUREMENTS.**

27.7 Subdivision 1. **Review by Legislative Advisory Commission.** All proposed
27.8 Metropolitan Council procurements over \$125,000,000 must be reviewed by the
27.9 members of the Legislative Advisory Commission under section 3.30 and the ranking
27.10 minority members of the house of representatives and senate committees or divisions
27.11 responsible for overseeing the items subject to the proposed procurement. The chair
27.12 of the Metropolitan Council shall give notice to the Legislative Advisory Commission
27.13 secretary when a procurement over \$125,000,000 is being considered. The commission
27.14 shall take testimony on the procurements.

27.15 Subd. 2. **Review by Transportation Accessibility Advisory Committee.**

27.16 The council shall consult with the Transportation Accessibility Advisory Committee
27.17 concerning all proposed Metropolitan Council procurements of transit vehicles and shall
27.18 consider the committee's input before ordering vehicles.

27.19 **EFFECTIVE DATE.** This section is effective the day following final enactment
27.20 and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and
27.21 Washington.

APPENDIX
Article locations in 14-4954

ARTICLE 1	TRUNK HIGHWAY	Page.Ln 1.11
ARTICLE 2	GROSS RECEIPTS TAX	Page.Ln 3.20
ARTICLE 3	METROPOLITAN AREA SALES TAX FOR TRANSIT	Page.Ln 8.9
ARTICLE 4	OTHER TAXES	Page.Ln 17.24
ARTICLE 5	EFFICIENCY MEASURES	Page.Ln 19.7
ARTICLE 6	TRANSPORTATION POLICY	Page.Ln 25.14