

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 1376

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DATE	D-PG	OFFICIAL STATUS
03/05/2015	563	Introduction and first reading Referred to Transportation and Public Safety
03/11/2015	645a	Comm report: To pass as amended and re-refer to Finance See SF 87; Art. 8; Sec. 10, 16, 26

A bill for an act

relating to transportation; providing for active transportation programs to support bicycle, pedestrian, and other nonmotorized transportation activities; dedicating revenues from the sales tax on bicycles to the active transportation program; requiring a legislative report; amending Minnesota Statutes 2014, section 297A.94; proposing coding for new law in Minnesota Statutes, chapter 174.

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

Section 1. **[174.38] ACTIVE TRANSPORTATION PROGRAMS.**

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

(b) "Administering authority" or "authority" means the commissioner of transportation, the joint powers board under section 297A.992, or the council, as appropriate.

(c) "Bond-eligible cost" means:

(1) expenditures under this section for acquisition of land or permanent easements, predesign, design, preliminary and final engineering, environmental analysis, construction, and reconstruction of publicly owned infrastructure in this state with a useful life of at least ten years that provides for nonmotorized transportation;

(2) preparation of land for which a nonmotorized transportation route is established, including demolition of structures and remediation of any hazardous conditions on the land; and

(3) the unpaid principal on debt issued by a political subdivision for a nonmotorized transportation project.

(d) "Council" means the Metropolitan Council, as defined under section 473.121, subdivision 3.

2.1 Subd. 2. **Programs established.** (a) Upon availability of funds specifically provided
2.2 to an administering authority for purposes of this section, the authority shall establish a
2.3 program to support bicycling, pedestrian activities, and other forms of nonmotorized
2.4 transportation as provided in this section.

2.5 (b) Subject to the requirements of this section, the authority may provide grants
2.6 or other financial assistance for a project.

2.7 Subd. 3. **Active transportation accounts.** (a) An active transportation account
2.8 is established in the bond proceeds fund. The account consists of state bond proceeds
2.9 appropriated to the commissioner or the council. Money in the account may only be
2.10 expended on bond-eligible costs of a project receiving financial assistance under this
2.11 section. All uses of funds from the account must be for publicly owned property.

2.12 (b) A greater Minnesota active transportation account is established in the special
2.13 revenue fund. The account consists of funds as provided by law, and any other money
2.14 donated, allotted, transferred, or otherwise provided to the account. Money in the account
2.15 may only be expended on a project that is primarily located outside of metropolitan
2.16 counties, as defined in section 473.121, subdivision 4, and receiving financial assistance
2.17 as provided under this section.

2.18 (c) A metropolitan area active transportation account is established in the special
2.19 revenue fund. The account consists of funds as provided by law, and any other money
2.20 donated, allotted, transferred, or otherwise provided to the account. Money in the account
2.21 may only be expended on a project that is primarily located within metropolitan counties,
2.22 as defined in section 473.121, subdivision 4, and receiving financial assistance as provided
2.23 under this section.

2.24 Subd. 4. **Program administration.** (a) The authority shall establish program
2.25 requirements, including:

2.26 (1) eligibility for assistance, subject to the requirements under paragraph (b);

2.27 (2) a process for solicitation and application that minimizes applicant burdens; and

2.28 (3) procedures for award and payment of financial assistance.

2.29 (b) Eligible recipients of financial assistance under this section are:

2.30 (1) a political subdivision; and

2.31 (2) a tax-exempt organization under section 501(c)(3) of the Internal Revenue
2.32 Code, as amended.

2.33 (c) The authority shall make reasonable efforts to publicize each solicitation
2.34 for applications among all eligible recipients, and provide assistance in creating and
2.35 submitting applications.

3.1 (d) The authority may expend no more than one percent of available funds in a fiscal
3.2 year under this section on program administration.

3.3 Subd. 5. **State general obligation bond funds.** Minnesota Constitution, article XI,
3.4 section 5, clause (a), requires that state general obligation bonds be issued to finance only
3.5 the acquisition or betterment of public land, buildings, and other public improvements of
3.6 a capital nature. The legislature has determined that many nonmotorized transportation
3.7 infrastructure projects will constitute betterments and capital improvements within the
3.8 meaning of the Minnesota Constitution and capital expenditures under generally accepted
3.9 accounting principles, and will be financed more efficiently and economically under this
3.10 section than by direct appropriations for specific projects.

3.11 Subd. 6. **Use of funds.** (a) For a project funded through state bond proceeds under
3.12 this section, financial assistance is limited solely to bond-eligible costs.

3.13 (b) Subject to paragraph (a), the authority shall determine permissible uses of
3.14 financial assistance under this section, which must include:

3.15 (1) construction and maintenance of bicycle, trail, and pedestrian infrastructure,
3.16 including but not limited to bicycle facilities and centers, and safe routes to school
3.17 infrastructure; and

3.18 (2) noninfrastructure programming, including activities as specified in section
3.19 174.40, subdivision 7a, paragraph (b).

3.20 Subd. 7. **Project evaluation and selection.** The authority shall establish a project
3.21 evaluation and selection process under this section that is competitive, criteria-based, and
3.22 objective. The process must include criteria and prioritization of projects based on:

3.23 (1) inclusion of the project in a municipal or regional nonmotorized transportation
3.24 system plan;

3.25 (2) location of the project in a jurisdiction in which a complete streets policy, as
3.26 provided under section 174.75, is in effect;

3.27 (3) the extent to which the project supports development of continuous and
3.28 convenient safe routes to school;

3.29 (4) the extent to which the project supports development of routes to and connections
3.30 with educational facilities, centers of employment, governmental services, health care
3.31 facilities, food sources, transit facilities, and other community destinations;

3.32 (5) general benefits to public health and safety as a result of the project; and

3.33 (6) geographic equity in project benefits, as well as benefits in areas or locations
3.34 experiencing high rates of pedestrian or bicycle collisions, high rates of health disparities,
3.35 and high concentration of poverty.

4.1 Subd. 8. **Grant cancellation.** If, five years after execution of a grant agreement,
 4.2 the authority determines that the grantee has not proceeded in a timely manner with
 4.3 implementation of the project funded, the commissioner must cancel the grant and the
 4.4 grantee must repay to the commissioner all grant money paid to the grantee. Section
 4.5 16A.642 applies to any appropriations made from the bond proceeds fund to the
 4.6 commissioner under this section that have not been awarded as financial assistance.

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

4.8 Sec. 2. Minnesota Statutes 2014, section 297A.94, is amended to read:

4.9 **297A.94 DEPOSIT OF REVENUES.**

4.10 (a) Except as provided in this section, the commissioner shall deposit the revenues,
 4.11 including interest and penalties, derived from the taxes imposed by this chapter in the state
 4.12 treasury and credit them to the general fund.

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

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

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

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

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

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

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

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

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

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

5.6 (1) 50 percent of the receipts must be deposited in the heritage enhancement account
5.7 in the game and fish fund, and may be spent only on activities that improve, enhance, or
5.8 protect fish and wildlife resources, including conservation, restoration, and enhancement
5.9 of land, water, and other natural resources of the state;

5.10 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and
5.11 may be spent only for state parks and trails;

5.12 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and
5.13 may be spent only on metropolitan park and trail grants;

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

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

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

5.28 (g) Beginning July 15, 2016, and by July 15 of each year, the commissioner of
5.29 revenue shall transfer from the general fund to the active transportation account under
5.30 section 174.38, subdivision 3, an amount equal to the estimated revenues, including
5.31 interest and penalties, collected in tax from the sale or purchase of bicycles. Beginning
5.32 June 30, 2016, and by June 30 of every fourth year thereafter, the commissioner of
5.33 revenue must estimate the percentage of total sales tax revenues collected in the previous
5.34 calendar year that is attributable to sales and purchases of bicycles, based on available
5.35 federal data and Department of Revenue consumption models. The amount of sales tax
5.36 revenue to be transferred to the active transportation account on each July 15 is equal

6.1 to the most recently calculated percentage estimate under this paragraph multiplied by
6.2 the total sales tax revenues collected in the previous calendar year. For purposes of this
6.3 section, "bicycle" has the meaning given in section 169.011, subdivision 4.

6.4 ~~(g)~~ (h) The revenues deposited under paragraphs (a) to ~~(f)~~ (g) do not include
6.5 the revenues, including interest and penalties, generated by the sales tax imposed
6.6 under section 297A.62, subdivision 1a, which must be deposited as provided under the
6.7 Minnesota Constitution, article XI, section 15.

6.8 **Sec. 3. ACTIVE TRANSPORTATION PROGRAM DEVELOPMENT.**

6.9 (a) By October 1, 2015, the Advisory Committee on Nonmotorized Transportation
6.10 under Minnesota Statutes, section 174.37, shall develop and submit recommendations to
6.11 each administering authority under Minnesota Statutes, section 174.38, for developing
6.12 project evaluation and selection processes under Minnesota Statutes, section 174.38,
6.13 subdivision 7. The advisory committee may consult with representatives from the
6.14 Bicycle Alliance of Minnesota, Minnesota Chamber of Commerce, Metropolitan
6.15 Council Transportation Accessibility Advisory Committee, Minnesota Department of
6.16 Transportation district area transportation partnerships, Minnesota State Council on
6.17 Disability, organizations representing elderly populations, and public health organizations
6.18 with experience in active transportation.

6.19 (b) In its next annual report under Minnesota Statutes, section 174.37, subdivision
6.20 4, the advisory committee shall include a summary of the recommendations under this
6.21 section and submit a copy to the chairs and ranking minority members of the legislative
6.22 committees with jurisdiction over transportation policy and finance. The report is subject
6.23 to Minnesota Statutes, section 3.195.

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