

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 1753

(SENATE AUTHORS: SENJEM, Miller, Dibble and Fischbach)

| DATE | D-PG | OFFICIAL STATUS |
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| 03/06/2017 | 1061 | Introduction and first reading Referred to Transportation Finance and Policy |

1.1 A bill for an act

1.2 relating to transportation; establishing an active transportation program to support

1.3 bicycle, pedestrian, and other nonmotorized transportation activities; allocating

1.4 certain general sales tax revenue; requiring a legislative report; amending Minnesota

1.5 Statutes 2016, section 297A.94; proposing coding for new law in Minnesota

1.6 Statutes, chapter 174.

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

1.8 Section 1. **[174.38] ACTIVE TRANSPORTATION PROGRAM.**

1.9 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have

1.10 the meanings given them.

1.11 (b) "Bond-eligible cost" means:

1.12 (1) expenditures under this section for acquisition of land or permanent easements,

1.13 predesign, design, preliminary and final engineering, environmental analysis, construction,

1.14 and reconstruction of publicly owned infrastructure for nonmotorized transportation in

1.15 Minnesota with a useful life of at least ten years;

1.16 (2) preparation of land for which a nonmotorized transportation route is established,

1.17 including demolition of structures and remediation of any hazardous conditions on the land;

1.18 and

1.19 (3) the unpaid principal on debt issued by a political subdivision for a nonmotorized

1.20 transportation project.

1.21 (c) "Commissioner" means the commissioner of transportation.

2.1 Subd. 2. **Program established.** Upon availability of funds provided for purposes of this
2.2 section, the commissioner must establish a program to support bicycling, pedestrian activities,
2.3 and other forms of nonmotorized transportation.

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

2.9 (b) An active transportation account is established in the special revenue fund. The
2.10 account consists of funds provided by law and any other money donated, allotted, transferred,
2.11 or otherwise provided to the account. Money in the account must be expended only on a
2.12 project that receives financial assistance under this section.

2.13 Subd. 4. **Program administration.** (a) The commissioner must establish program
2.14 requirements, including:

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

2.16 (2) a solicitation and application process that minimizes the burden on applicants; and

2.17 (3) procedures to award and pay financial assistance.

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

2.19 (1) a political subdivision; and

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

2.22 (c) The commissioner must make reasonable efforts to publicize each application
2.23 solicitation among all eligible recipients. The commissioner must assist applicants to create
2.24 and submit applications, with an emphasis on providing assistance in communities that are
2.25 historically and currently underrepresented in local or regional planning, including
2.26 communities of color, low-income households, people with disabilities, and people with
2.27 limited English proficiency.

2.28 (d) The commissioner may provide grants or other financial assistance for a project.

2.29 (e) The commissioner is prohibited from expending more than one percent of available
2.30 funds in a fiscal year under this section on program administration.

2.31 Subd. 5. **State general obligation bond funds.** Minnesota Constitution, article XI,
2.32 section 5, clause (a), requires that state general obligation bonds be issued to finance only

3.1 the acquisition or betterment of public land, buildings, and other public improvements of a
3.2 capital nature. The legislature has determined that many nonmotorized transportation
3.3 infrastructure projects constitute betterments and capital improvements within the meaning
3.4 of the Minnesota Constitution and capital expenditures under generally accepted accounting
3.5 principles, and will be financed more efficiently and economically under this section than
3.6 by direct appropriations for specific projects.

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

3.9 (b) Subject to paragraph (a), the commissioner must determine permissible uses of
3.10 financial assistance under this section, which must include:

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

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

3.15 Subd. 7. **Project evaluation and selection.** (a) The commissioner must establish a
3.16 project evaluation and selection process that is competitive, criteria-based, and objective.

3.17 (b) The process must include criteria and prioritization of projects based on:

3.18 (1) the project's inclusion in a municipal or regional nonmotorized transportation system
3.19 plan;

3.20 (2) the project's location in a jurisdiction with a complete streets policy, as provided
3.21 under section 174.75, either in effect or under development with estimated enactment within
3.22 six months of the grant award date;

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

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

3.28 (5) the project's general benefits to public health and safety;

3.29 (6) geographic equity in project benefits, with an emphasis on communities that are
3.30 historically and currently underrepresented in local or regional planning, including
3.31 communities of color, low-income households, people with disabilities, and people with
3.32 limited English proficiency; and

4.1 (7) benefits in areas or locations experiencing high rates of pedestrian or bicycle
 4.2 collisions.

4.3 Subd. 8. **Grant cancellation.** If, five years after execution of a grant agreement, the
 4.4 commissioner determines that the grantee has not proceeded in a timely manner with
 4.5 implementation of the funded project, the commissioner must cancel the grant. The grantee
 4.6 must repay to the commissioner all grant money received under the program. Section
 4.7 16A.642 applies to any appropriation made from the bond proceeds fund to the commissioner
 4.8 under this section that has not been awarded as financial assistance.

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

4.10 Sec. 2. Minnesota Statutes 2016, section 297A.94, is amended to read:

4.11 **297A.94 DEPOSIT OF REVENUES.**

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

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

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

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

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

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

5.1 (d) The commissioner shall deposit the revenues, including interest and penalties,
5.2 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the
5.3 general fund. By July 15 of each year the commissioner shall transfer to the highway user
5.4 tax distribution fund an amount equal to the excess fees collected under section 297A.64,
5.5 subdivision 5, for the previous calendar year.

5.6 (e) The commissioner must deposit the revenues, including interest and penalties minus
5.7 any refunds, derived from the sale of bicycles and bicycle repair and replacement parts in
5.8 the active transportation account in the special revenue fund under section 174.38, subdivision
5.9 3. For purposes of this paragraph, the percentage of total sales and use tax revenue derived
5.10 from the sale of bicycle repair and replacement parts is a set percentage of the total sales
5.11 and use tax revenues collected in the state, with the percentage determined under section 3
5.12 of this act.

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

5.16 (1) 50 percent of the receipts must be deposited in the heritage enhancement account in
5.17 the game and fish fund, and may be spent only on activities that improve, enhance, or protect
5.18 fish and wildlife resources, including conservation, restoration, and enhancement of land,
5.19 water, and other natural resources of the state;

5.20 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may
5.21 be spent only for state parks and trails;

5.22 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may
5.23 be spent only on metropolitan park and trail grants;

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

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

5.29 ~~(f)~~ (g) The revenue dedicated under paragraph ~~(e)~~ (f) may not be used as a substitute for
5.30 traditional sources of funding for the purposes specified, but the dedicated revenue shall
5.31 supplement traditional sources of funding for those purposes. Land acquired with money
5.32 deposited in the game and fish fund under paragraph (e) must be open to public hunting
5.33 and fishing during the open season, except that in aquatic management areas or on lands

6.1 where angling easements have been acquired, fishing may be prohibited during certain times
 6.2 of the year and hunting may be prohibited. At least 87 percent of the money deposited in
 6.3 the game and fish fund for improvement, enhancement, or protection of fish and wildlife
 6.4 resources under paragraph (e) must be allocated for field operations.

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

6.9 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 6.10 December 31, 2017.

6.11 **Sec. 3. CALCULATION OF THE PERCENT OF SALES TAX REVENUE**
 6.12 **ATTRIBUTABLE TO THE SALE OF BICYCLE REPAIR AND REPLACEMENT**
 6.13 **PARTS.**

6.14 By December 1, 2017, the commissioner of revenue must estimate the percentage of
 6.15 total sales tax revenues collected in calendar year 2016 that is attributable to the sales and
 6.16 purchases of bicycles and bicycle repair and replacement parts. When making the
 6.17 determination, the commissioner may consult with representatives from bicycle producers
 6.18 and retailers, industry trade groups, and the most recently available national and state
 6.19 information. The commissioner's decision is final. For purposes of this section, "bicycle"
 6.20 has the meaning given in Minnesota Statutes, section 169.011, subdivision 4.

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

6.22 **Sec. 4. ACTIVE TRANSPORTATION PROGRAM RECOMMENDATIONS.**

6.23 (a) By October 1, 2017, the Advisory Committee on Nonmotorized Transportation under
 6.24 Minnesota Statutes, section 174.37, must develop and submit recommendations to the
 6.25 commissioner of transportation regarding the project evaluation and selection processes
 6.26 under Minnesota Statutes, section 174.38, subdivision 7.

6.27 (b) The advisory committee is encouraged to consult with representatives from the
 6.28 Bicycle Alliance of Minnesota; Minnesota Chamber of Commerce; Metropolitan Council
 6.29 Transportation Accessibility Advisory Committee; Minnesota Department of Transportation
 6.30 district area transportation partnerships; organizations representing elderly populations;
 6.31 public health organizations with experience in active transportation; the Minnesota State
 6.32 Council on Disability and other Minnesota state councils and commissions, including the

7.1 Council on Asian-Pacific Minnesotans, the Minnesota Council on Latino Affairs, the Council
7.2 for Minnesotans of African Heritage, the Minnesota Indian Affairs Council, the Office on
7.3 the Economic Status of Women, and the Cultural and Ethnic Communities Leadership
7.4 Council; and other stakeholders with expertise in equitable active transportation.

7.5 (c) In its next annual report under Minnesota Statutes, section 174.37, subdivision 4, the
7.6 advisory committee must include a summary of the recommendations under this section
7.7 and submit a copy of the report to the chairs and ranking minority members of the legislative
7.8 committees with jurisdiction over transportation policy and finance. The report is subject
7.9 to Minnesota Statutes, section 3.195.

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