

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 2420

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DATE	D-PG	OFFICIAL STATUS
03/13/2019	863	Introduction and first reading Referred to Transportation Finance and Policy

1.1 A bill for an act

1.2 relating to transportation; redistributing the five percent highway user tax

1.3 distribution fund set-aside; establishing a small cities road account and a large

1.4 cities road account; appropriating money; amending Minnesota Statutes 2018,

1.5 section 161.081, subdivision 1; proposing coding for new law in Minnesota Statutes,

1.6 chapter 162.

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

1.8 Section 1. Minnesota Statutes 2018, section 161.081, subdivision 1, is amended to read:

1.9 Subdivision 1. **Distribution of five percent.** (a) Pursuant to the Minnesota Constitution,

1.10 ~~article 14 XIV,~~ section 5, ~~of the constitution,~~ five percent of the net highway user tax

1.11 distribution fund is set aside, and apportioned to the county state-aid highway fund.

1.12 (b) That apportionment is further distributed as follows:

- 1.13 (1) 30.5 percent to the town road account created in section 162.081;
- 1.14 (2) 16 percent to the town bridge account, which is created in the state treasury; ~~and~~
- 1.15 (3) ~~53.5~~ 41 percent to the flexible highway account created in subdivision 3; and
- 1.16 (4) 12.5 percent to the small cities account created in section 162.082.

1.17 Sec. 2. [162.082] SMALL CITIES ACCOUNT.

1.18 Subdivision 1. Definition. For purposes of this section, "eligible city" has the meaning

1.19 given in section 162.145, subdivision 1, paragraph (b).

1.20 Subd. 2. Account created. A small cities account is created in the county state-aid

1.21 highway fund.

2.1 Subd. 3. **Formula for distribution to counties.** Funds in the small cities account must
2.2 be apportioned to eligible cities in the manner provided in section 162.145, subdivision 4.

2.3 Subd. 4. **Apportionment.** (a) Upon determining the amount of money to be apportioned
2.4 to each county, the commissioner shall also determine the amounts in the small cities account
2.5 to be apportioned under subdivision 3. The apportionment under subdivision 3 must be
2.6 included in the statement sent to the commissioner of management and budget and the
2.7 county auditor and county engineer of each county under section 162.08, subdivision 2.
2.8 The amounts so apportioned and allocated to each county from the small cities account must
2.9 be paid by the state to the treasurer of each county at the same time that payments are made
2.10 under section 162.08, subdivision 2, provided that the amounts must be paid in a sufficient
2.11 time to allow the county to distribute the amounts to each small city by March 1 each year.

2.12 (b) Money distributed to an eligible city under this subdivision may be expended by the
2.13 city only for the construction, reconstruction, and maintenance of city roads within the city.

2.14 Sec. 3. **[162.083] LARGE CITIES ACCOUNT.**

2.15 Subdivision 1. **Large cities account.** A large cities account is created in the special
2.16 revenue fund. The account consists of money allotted, appropriated, or transferred to the
2.17 account. Money in the account is appropriated to the commissioner of transportation and
2.18 distributed as provided in subdivision 3 among all the cities that are eligible to receive
2.19 municipal state aid.

2.20 Subd. 2. **Appropriation.** Upon any apportionment to the small cities account as required
2.21 by section 161.081, subdivision 1, an amount equal to the apportioned amount must be
2.22 transferred from the general fund to the large cities account.

2.23 Subd. 3. **Distribution formula.** The commissioner must distribute the funds in the
2.24 account as follows:

2.25 (1) 50 percent of the money so that of that amount, each city receives the percentage
2.26 that its population bears to the total population of all cities that are eligible to receive
2.27 municipal state aid; and

2.28 (2) 50 percent of the money so that of that amount, each city receives the percentage
2.29 that its money needs, as determined by the commissioner under section 162.13, subdivision
2.30 3, bears to the total money needs of all cities that are eligible to receive municipal state aid.

3.1 Sec. 4. **[162.084] TRANSFERS TO SMALL CITIES ACCOUNT OR LARGE CITIES**
3.2 **ACCOUNT.**

3.3 When a general fund transfer is made to the small cities account or the large cities
3.4 account, an equal general fund transfer must be made to the other account. If the legislature
3.5 makes a transfer to only the small cities account or to the large cities account, the
3.6 commissioner of management and budget must transfer half of the transfer amount into the
3.7 account that did not receive the general fund transfer. If general fund transfers are made to
3.8 both accounts, but the amounts to each account are not equal, the commissioner of
3.9 management and budget must transfer funds from one account to the other so that each
3.10 account receives the same amount of general fund money.