

45.33 Sec. 4. Minnesota Statutes 2012, section 162.07, subdivision 1a, is amended to read:

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

46.5 (b) The apportionment sum is calculated by subtracting the excess sum, as calculated
 46.6 in paragraph (c), from the distribution amount.

46.7 (c) The excess sum is calculated as the sum of revenue within the distribution amount:

46.8 (1) attributed to: (i) from October 1, 2013, to September 30, 2015, that portion of the
 46.9 gasoline excise tax rate under section 296A.07, subdivision 3, in excess of ~~20~~ 20.5 cents
 46.10 per gallon, and to that portion of the excise tax rates in excess of the energy equivalent
 46.11 of a gasoline excise tax rate of ~~20~~ 20.5 cents per gallon for E85 and M85 under section
 46.12 296A.07, subdivision 3, and special fuel under section 296A.08, subdivision 2; and (ii)
 46.13 on and after October 1, 2015, that portion of the gasoline excise tax rate under section
 46.14 296A.07, subdivision 3, in excess of 21 cents per gallon, and to that portion of the excise
 46.15 tax rates in excess of the energy equivalent of a gasoline excise tax rate of 21 cents per
 46.16 gallon for E85 and M85 under section 296A.07, subdivision 3, and special fuel under
 46.17 section 296A.08, subdivision 2;

46.18 (2) attributed to a change in the passenger vehicle registration tax under section
 46.19 168.013, imposed on or after July 1, 2008, that exceeds (i) the amount collected in fiscal
 46.20 year 2008, multiplied by (ii) the annual average United States Consumer Price Index for
 46.21 the calendar year previous to the current calendar year, divided by the annual average
 46.22 United States Consumer Price Index for calendar year 2007; and

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

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

22.22 ARTICLE 2

22.23 TRANSPORTATION FINANCE

22.24 Section 1. Minnesota Statutes 2012, section 163.051, is amended to read:

22.25 **163.051 METROPOLITAN COUNTY WHEELAGE TAX.**

22.26 Subdivision 1. **Tax authorized.** (a) Except as provided in paragraph (b), the board of
22.27 commissioners of each ~~metropolitan~~ county is authorized to levy by resolution a wheelage
22.28 tax of ~~\$5 for the year 1972 and each subsequent year thereafter by resolution \$10 for each~~
22.29 calendar year from 2014 to 2016, and up to \$20 in each calendar year beginning in 2017,
22.30 on each motor vehicle that is kept in such county when not in operation and that is subject
22.31 to annual registration and taxation under chapter 168. The board may provide by resolution
22.32 for collection of the wheelage tax by county officials or it may request that the tax be
23.1 collected by the state registrar of motor vehicles, ~~and~~. The state registrar of motor vehicles
23.2 shall collect such tax on behalf of the county if requested, as provided in subdivision 2.

23.3 (b) The following vehicles are exempt from the wheelage tax:

23.4 (1) motorcycles, as defined in section 169.011, subdivision 44;

23.5 (2) motorized bicycles, as defined in section 169.011, subdivision 45; and

23.6 ~~(3) electric-assisted bicycles, as defined in section 169.011, subdivision 27; and~~

23.7 ~~(4)~~ (3) motorized foot scooters, as defined in section 169.011, subdivision 46.

23.8 Subd. 2. **Collection by registrar of motor vehicles.** The wheelage tax levied by
23.9 any ~~metropolitan~~ county, if made collectible by the state registrar of motor vehicles,
23.10 shall be certified by the county auditor to the registrar not later than August 1 in the year
23.11 before the calendar year or years for which the tax is levied, and the registrar shall collect
23.12 such tax with the motor vehicle taxes on the affected vehicles for such year or years.
23.13 Every owner and every operator of such a motor vehicle shall furnish to the registrar all
23.14 information requested by the registrar. No state motor vehicle tax on any such motor
23.15 vehicle for any such year shall be received or deemed paid unless the applicable wheelage
23.16 tax is paid therewith. ~~The proceeds of the wheelage tax levied by any metropolitan county,~~
23.17 ~~less any amount retained by the registrar to pay costs of collection of the wheelage tax,~~
23.18 ~~shall be paid to the commissioner of management and budget and deposited in the state~~
23.19 ~~treasury to the credit of the county wheelage tax fund of each metropolitan county.~~

23.20 Subd. 2a. **Tax proceeds deposited; costs of collection; appropriation.**

23.21 Notwithstanding the provisions of any other law, the state registrar of motor vehicles shall
23.22 deposit the proceeds of the wheelage tax imposed by subdivision 2, to the credit of the
23.23 county wheelage tax ~~fund~~ account of each ~~metropolitan~~ county. The amount necessary to
23.24 pay the costs of collection of said tax is appropriated from the county wheelage tax ~~fund~~
23.25 account of each ~~metropolitan~~ county to the state registrar of motor vehicles.

23.26 Subd. 3. **Distribution to metropolitan county; appropriation.** ~~On or before~~
 23.27 ~~April 1 in 1972 and each subsequent year, the commissioner of management and budget~~
 23.28 ~~On a monthly basis, the registrar of motor vehicles shall issue a warrant in favor of the~~
 23.29 ~~treasurer of each metropolitan county for which the registrar has collected a wheelage tax~~
 23.30 ~~in the amount of such tax then on hand in the county wheelage tax fund account. There~~
 23.31 ~~is hereby appropriated from the county wheelage tax fund account each year, to each~~
 23.32 ~~metropolitan county entitled to payments authorized by this section, sufficient moneys~~
 23.33 ~~to make such payments.~~

23.34 Subd. 4. **Use of tax.** The treasurer of each metropolitan county receiving moneys
 23.35 payments under subdivision 3 shall deposit such moneys payments in the county road and
 24.1 bridge fund. The moneys shall be used for purposes authorized by law which are highway
 24.2 purposes within the meaning of the Minnesota Constitution, article 14.

24.3 ~~Subd. 6. Metropolitan county defined.~~ "Metropolitan county" means any of the
 24.4 ~~counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.~~

24.5 Subd. 7. **Offenses; penalties; application of other laws.** (a) Any owner or operator
 24.6 of a motor vehicle who ~~shall~~ willfully ~~give~~ gives any false information relative to the tax
 24.7 ~~herein~~ authorized by this section to the registrar of motor vehicles or any metropolitan
 24.8 county, or who ~~shall~~ willfully ~~fail or refuse~~ fails or refuses to furnish any such information,
 24.9 ~~shall be~~ is guilty of a misdemeanor.

24.10 (b) Except as otherwise herein provided in this section, the collection and payment
 24.11 of a wheelage tax and all matters relating thereto shall be are subject to all provisions of
 24.12 law relating to collection and payment of motor vehicle taxes so far as applicable.

25.9 Sec. 3. Minnesota Statutes 2012, section 296A.07, subdivision 3, is amended to read:

25.10 Subd. 3. **Rate of tax.** (a) Before October 1, 2015, the gasoline excise tax is imposed
 25.11 at the following rates:

25.12 (1) E85 is taxed at the rate of 19.53 cents per gallon;

25.13 (2) M85 is taxed at the rate of 15.68 cents per gallon; and

25.14 (3) all other gasoline is taxed at the rate of 27.5 cents per gallon.

25.15 (b) On and after October 1, 2015, the gasoline excise tax is imposed at the following
 25.16 rates:

25.17 (1) E85 is taxed at the rate of ~~17.75~~ 21.31 cents per gallon;

25.18 (2) M85 is taxed at the rate of ~~14.25~~ 17.11 cents per gallon; and

25.19 (3) all other gasoline is taxed at the rate of ~~25~~ 30 cents per gallon.

25.20 **EFFECTIVE DATE.** Paragraph (a) is effective October 1, 2013, and applies to all
 25.21 gasoline, undyed diesel fuel, and special fuel in distributor storage on or after that date.
 25.22 Paragraph (a) expires October 1, 2015. Paragraph (b) is effective October 1, 2015, and
 25.23 applies to all gasoline, undyed diesel fuel, and special fuel in distributor storage on or
 25.24 after that date.

25.25 Sec. 4. Minnesota Statutes 2012, section 296A.08, subdivision 2, is amended to read:

25.26 Subd. 2. **Rate of tax.** (a) Before October 1, 2015, the special fuel excise tax
 25.27 is imposed at the following rate:

25.28 (1) liquefied petroleum gas or propane is taxed at the rate of 20.63 cents per gallon;

25.29 (2) liquefied natural gas is taxed at the rate of 16.5 cents per gallon;

25.30 (3) compressed natural gas is taxed at the rate of \$2.391 per thousand cubic feet; or
 25.31 27.5 cents per gasoline equivalent. For purposes of this paragraph, "gasoline equivalent,"
 25.32 as defined by the National Conference on Weights and Measures, is 5.66 pounds of natural
 25.33 gas; and

26.1 (4) all other special fuel is taxed at the same rate as the gasoline excise tax as
 26.2 specified in Minnesota Statutes, section 296A.07, subdivision 2. The tax is payable in the
 26.3 form and manner prescribed by the commissioner.

26.4 (b) On and after October 1, 2015, the special fuel excise tax is imposed at the
 26.5 following rates:

26.6 ~~(a)~~ (1) liquefied petroleum gas or propane is taxed at the rate of ~~18.75~~ 22.51 cents
 26.7 per gallon;

26.8 ~~(b)~~ (2) liquefied natural gas is taxed at the rate of ~~15~~ 18 cents per gallon;

26.9 ~~(c)~~ (3) compressed natural gas is taxed at the rate of ~~\$2.174~~ \$2.608 per thousand
 26.10 cubic feet; or ~~25~~ 30 cents per gasoline equivalent. For purposes of this paragraph,
 26.11 "gasoline equivalent," as defined by the National Conference on Weights and Measures, is
 26.12 5.66 pounds of natural gas; and

26.13 ~~(d)~~ (4) all other special fuel is taxed at the same rate as the gasoline excise tax as
 26.14 specified in section 296A.07, subdivision 2. The tax is payable in the form and manner
 26.15 prescribed by the commissioner.

26.16 **EFFECTIVE DATE.** Paragraph (a) is effective October 1, 2013, and applies to all
 26.17 gasoline, undyed diesel fuel, and special fuel in distributor storage on or after that date.
 26.18 Paragraph (a) expires October 1, 2015. Paragraph (b) is effective October 1, 2015, and
 26.19 applies to all gasoline, undyed diesel fuel, and special fuel in distributor storage on or
 26.20 after that date.

26.21 Sec. 5. Minnesota Statutes 2012, section 297A.815, subdivision 3, is amended to read:

26.22 Subd. 3. **Motor vehicle lease sales tax revenue.** (a) For purposes of this

26.23 subdivision, "net revenue" means an amount equal to:

26.24 (1) the revenues, including interest and penalties, collected under this section, during

26.25 the fiscal year; less

26.26 (2) in fiscal year 2011, \$30,100,000; in fiscal year 2012, \$31,100,000; and in fiscal

26.27 year 2013 and following fiscal years, \$32,000,000.

26.28 (b) On or before June 30 of each fiscal year, the commissioner of revenue shall

26.29 estimate the amount of the revenues and subtraction under paragraph (a) for the current

26.30 fiscal year.

26.31 (c) On or after July 1 of the subsequent fiscal year, the commissioner of management

26.32 and budget shall transfer the net revenue as estimated in paragraph (b) from the general

26.33 fund, as follows:

26.34 (1) ~~50 percent to the greater Minnesota transit account; and~~

27.1 ~~(2) 50 percent \$9,000,000 to the county state-aid highway fund. Notwithstanding~~

27.2 any other law to the contrary, the commissioner of transportation shall allocate the funds

27.3 transferred under this clause to the counties in the metropolitan area, as defined in section

27.4 473.121, subdivision 4, excluding the counties of Hennepin and Ramsey, so that each

27.5 county shall receive of such amount the percentage that its population, as defined in

27.6 section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to

27.7 the current calendar year, bears to the total population of the counties receiving funds

27.8 under this clause; and

27.9 ~~(2) the remainder to the greater Minnesota transit account.~~

27.10 ~~(d) For fiscal years 2010 and 2011, the amount under paragraph (a), clause (1), must~~

27.11 ~~be calculated using the following percentages of the total revenues:~~

27.12 ~~(1) for fiscal year 2010, 83.75 percent; and~~

27.13 ~~(2) for fiscal year 2011, 93.75 percent.~~

27.14 **EFFECTIVE DATE.** This section is effective January 1, 2014.

27.15 Sec. 6. Minnesota Statutes 2012, section 297A.992, is amended to read:

27.16 **297A.992 METROPOLITAN TRANSPORTATION AREA TRANSIT SALES**

27.17 **TAX; TAX, JOINT POWERS BOARD.**

27.18 Subdivision 1. **Definitions.** For purposes of this section, the following terms have

27.19 the meanings given them:

27.20 (1) "~~metropolitan transportation area~~" means the counties ~~participating in the joint~~
27.21 ~~powers agreement under subdivision 3;~~

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

27.24 (3) (2) "committee" means the Grant Evaluation and Ranking System (GEARS)
27.25 Committee;

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

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

27.32 (5) (4) "population" means the population, as defined in section 477A.011,
27.33 subdivision 3, estimated or established by July 15 of the year prior to the calendar year
28.1 in which the representatives will serve on the Grant Evaluation and Ranking System
28.2 Committee established under subdivision 5.

28.3 Subd. 2. **Authorization; rates.** (a) Notwithstanding section 297A.99, subdivisions
28.4 1, 2, and 3, or 477A.016, or any other law, the board of a county participating in a
28.5 joint powers agreement as specified in this section shall impose by resolution (1) a
28.6 ~~transportation transit sales and use tax~~ at a rate of one-quarter of one percent on retail
28.7 sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle,
28.8 as defined in section 297B.01, subdivision 11, purchased or acquired from any person
28.9 engaged in the business of selling motor vehicles at retail, occurring within the jurisdiction
28.10 of the taxing authority. The taxes authorized are to fund transportation improvements as
28.11 specified in this section, including debt service on obligations issued to finance such
28.12 improvements pursuant to subdivision 7.

28.13 (b) The tax imposed under this section is not included in determining if the total tax
28.14 on lodging in the city of Minneapolis exceeds the maximum allowed tax under Laws 1986,
28.15 chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article
28.16 12, section 87, or in determining a tax that may be imposed under any other limitations.

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

28.20 (1) effective for sales and purchases made after June 30, 2013, a sales and use tax on
28.21 retail sales and uses taxable under this chapter, at a rate equal to one-half of one percent
28.22 minus the tax rate imposed by each county under subdivision 2;

28.23 (2) effective for sales and purchases made after June 30, 2015, a sales and use tax
28.24 on retail sales and uses taxable under this chapter, at a rate equal to one-quarter of one
28.25 percent in addition to the tax under clause (1); and

28.26 (3) effective for vehicles acquired after June 30, 2013, if not imposed by a county
28.27 under subdivision 2, an excise tax of \$20 per motor vehicle, as defined in section 297B.01,
28.28 subdivision 11, purchased or acquired from any person engaged in the business of selling
28.29 motor vehicles at retail, occurring within the jurisdiction of the county.

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

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

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

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

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

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

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

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

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

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

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

29.27 Subd. 5. **Grant application and awards; Grant Evaluation and Ranking System**

29.28 ~~(GEARS) Committee process, general requirements.~~ (a) The joint powers board shall
 29.29 establish a grant application process and identify the amount of available funding for grant
 29.30 awards. Grant applications must be submitted in a form prescribed by the joint powers
 29.31 board. An applicant must provide, in addition to all other information required by the joint
 29.32 powers board, the estimated cost of the project, the amount of the grant sought, possible
 29.33 sources of funding in addition to the grant sought, and identification of any federal funds
 29.34 that will be utilized if the grant is awarded. A grant application seeking transit capital
 29.35 funding must identify the source of money necessary to operate the transit improvement.

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

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

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

30.10 ~~Committee.~~ (e) (a) The joint powers board shall establish a GEARS Committee, which
 30.11 must consist of:

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

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

30.16 (3) one additional elected city representative from each county for every additional
 30.17 400,000 in population, or fraction of 400,000, in the county that is above 400,000 in
 30.18 population; and

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

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

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

30.24 (1) evaluate grant applications following objective criteria established by the joint

30.25 powers board, ~~and must~~;

30.26 (2) provide to the joint powers board a selection list of transportation projects that

30.27 includes a priority ranking;

30.28 (3) annually evaluate and award grants to local units of government including

30.29 park districts for construction and maintenance of regional bicycle, trail, and pedestrian

30.30 infrastructure, and for safe routes to school infrastructure; and

30.31 (4) annually evaluate and award grants to cities for planning activities related to

30.32 land use and transportation linkages, streetcar development, or bicycle and pedestrian

30.33 connections.

30.34 (d) Grants awarded by the committee under paragraph (c), clauses (3) and (4), are

30.35 not subject to approval by the board. Annually, the committee shall award grants under

31.1 those clauses in a total amount that equals no less than 3.75 percent of the net transit

31.2 sales tax proceeds.

31.3 (e) The committee may award a grant under paragraph (c), clause (3), only if the

31.4 project being funded is in compliance with:

31.5 (1) a regional non-motorized transportation system plan developed by the

31.6 Metropolitan Council; or

31.7 (2) a municipal non-motorized transportation plan, which must provide coordinated

31.8 development of transportation facilities located in adjacent communities including

31.9 connections between facilities in each community.

31.10 Subd. 5b. **Grant awards; consistency with transportation plans.** (f) A grant

31.11 award for a transit project located within the metropolitan area, as defined in section

31.12 473.121, subdivision 2, may be funded only after the Metropolitan Council reviews the

31.13 project for consistency with the transit portion of the Metropolitan Council policy plan

31.14 and one of the following occurs:

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

31.16 (2) the Metropolitan Council initially finds the project to be inconsistent, but after a

31.17 good faith effort to resolve the inconsistency through negotiations with the joint powers

31.18 board, agrees that the grant award may be funded; or

31.19 (3) the Metropolitan Council finds the project to be inconsistent, and submits the

31.20 consistency issue for final determination to a panel, which determines the project to be

31.21 consistent. The panel is composed of a member appointed by the chair of the Metropolitan

31.22 Council, a member appointed by the joint powers board, and a member agreed upon by

31.23 both the chair and the joint powers board.

- 31.24 ~~(g) Grants must be funded by the proceeds of the taxes imposed under this section,~~
31.25 ~~bonds, notes, or other obligations issued by the joint powers board under subdivision 7.~~
- 31.26 ~~(h) Notwithstanding the provisions of this section except subdivision 6a, of~~
31.27 ~~the revenue collected under this section, the joint powers board shall allocate to the~~
31.28 ~~Metropolitan Council, in fiscal years 2012 and 2013, an amount not less than 75 percent of~~
31.29 ~~the net cost of operations for those transit ways that were receiving metropolitan sales tax~~
31.30 ~~funds through an operating grant agreement on June 30, 2011.~~
- 31.31 ~~(i) The Metropolitan Council shall expend any funds allocated under paragraph (h)~~
31.32 ~~for the operations of the specified transit ways solely within those counties that are in the~~
31.33 ~~metropolitan transportation area.~~
- 31.34 ~~(j) Nothing in paragraph (h) or (i) prevents grant awards to the Metropolitan Council~~
31.35 ~~for capital and operating assistance for transit ways and park-and-ride facilities.~~
- 32.1 Subd. 6. **Allocation of Grant awards; eligible uses.** (a) The board must allocate
32.2 grant awards only for the following transit purposes:
- 32.3 (1) transit way development and operations, consisting of:
- 32.4 (i) capital improvements to transit ways, including, but not limited to, commuter
32.5 rail rolling stock, light rail vehicles, and transit way buses;
- 32.6 (ii) capital costs for park-and-ride facilities, as defined in section 174.256,
32.7 subdivision 2;
- 32.8 (iii) feasibility studies, planning, alternatives analyses, environmental studies,
32.9 engineering, property acquisition for transit way purposes, and construction of transit
32.10 ways, including Bottineau Boulevard, Red Rock, Gateway, 394 Commuter Corridor,
32.11 and Rush Line transit ways; and
- 32.12 (iv) operating assistance for transit ways; and
- 32.13 (2) as specified under subdivision 5a.
- 32.14 (b) The joint powers board must annually award grants to each minimum guarantee
32.15 county in an amount no less than the amount of sales tax revenue collected within that
32.16 county as follows:
- 32.17 (1) to Scott County and Carver County, 55 percent of the net sales tax proceeds
32.18 generated by one-quarter of one percent collected in each county respectively for calendar
32.19 year 2014 through 2018;
- 32.20 (2) to the Metropolitan Council for development and construction of the Southwest
32.21 light rail transit project and the Bottineau Boulevard, Red Rock, Gateway, 394 Commuter
32.22 Corridor, and Rush Line transit ways; and

32.23 (3) to the Center for Transportation Studies, University of Minnesota, \$500,000
32.24 annually for research to improve accessibility, operational efficiency, and safety of transit
32.25 systems.

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

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

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

32.33 (2) as otherwise authorized under this section.

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

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

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

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

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

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

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

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

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

33.32 Subd. 10. **Termination of local option taxes.** (a) The taxes imposed under section
33.33 ~~297A.99, subdivision 1, subdivision 2~~ by a county that withdraws from the joint powers
33.34 agreement pursuant to subdivision 3, clause (3), shall terminate when the county has
33.35 satisfied its portion, as defined in the joint powers agreement, of all outstanding bonds or
33.36 obligations entered into while the county was a member of the agreement.

34.1 (b) If the joint powers agreement under subdivision 3 is terminated, the taxes
34.2 imposed under section ~~297A.99, subdivision 1~~ subdivision 2, at the time of the agreement
34.3 termination will terminate when all outstanding bonds or obligations are satisfied. The
34.4 auditors of the counties in which the taxes are imposed shall see to the administration of
34.5 this paragraph.

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

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

34.14 **EFFECTIVE DATE.** This section is effective July 1, 2013, for sales and purchases
34.15 made after June 30, 2013, except that the imposition of the tax under subdivision 2a shall
34.16 be on the first day of the calendar quarter beginning at least 60 days after the date of final
34.17 enactment. This section applies in the counties of Anoka, Carver, Dakota, Hennepin,
34.18 Ramsey, Scott, and Washington.

34.19 Sec. 7. **[297A.9925] METROPOLITAN AREA TRANSIT SALES TAX;**
 34.20 **ALLOCATION OF FUNDS.**

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

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

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

34.26 Subd. 2. **Allocation formula.** In the manner specified under subdivision 6, the net
 34.27 transit sales tax proceeds shall be allocated as follows:

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

34.29 (2) \$23,400,000 in calendar year 2014 and \$12,375,000 in calendar year 2015 to
 34.30 the council for Metropolitan Council Transit Operations;

34.31 (3) 100 percent of the net operating subsidies for Central Corridor light rail transit,
 34.32 Cedar Avenue bus rapid transit, I-35W South bus rapid transit, Hiawatha light rail, and
 34.33 Northstar commuter rail to the council;

35.1 (4) for each calendar year beginning January 1, 2014, to the joint powers board, an
 35.2 amount equal to grants awarded by the GEARS committee under section 297A.992,
 35.3 subdivision 5a;

35.4 (5) annually to the joint powers board for capital grants to be awarded to the
 35.5 Metropolitan Council for the Southwest light rail transit project under section 297A.992,
 35.6 subdivision 6;

35.7 (6) for each calendar year beginning January 1, 2014, to the council, the amount
 35.8 necessary to expand commuter transit services in transit ways by an annual average rate of
 35.9 one percent, including implementation and operation of bus service, prioritizing service in
 35.10 transit way corridors where the preferred mode of transit is not yet in revenue operation;

35.11 (7) for each calendar year beginning January 1, 2014, to the joint powers board, an
 35.12 amount equal to the total sales and use tax generated by a rate equal to one-quarter of one
 35.13 percent and an excise tax of \$20 per motor vehicle in the metropolitan area counties, less
 35.14 \$21,750,000 in calendar year 2014 and \$27,150,000 in calendar year 2015;

35.15 (8) for each calendar year beginning January 1, 2014, \$500,000 to the joint powers
 35.16 board for a grant to the Center for Transportation Studies at the University of Minnesota;
 35.17 and

35.18 (9) the remaining revenues following the allocations under clauses (1) to (8), to the
 35.19 board, the council, or both, as specified in the joint certification under subdivision 3.

35.20 Subd. 3. **Joint certification.** (a) The board and the Metropolitan Council shall
35.21 annually develop a joint certification as provided in this subdivision. The joint certification
35.22 must be separately adopted by the board and by the council no later than August 31 of
35.23 each year.

35.24 (b) By July 1, 2013, and by March 15 of each subsequent year, the commissioner of
35.25 Minnesota Management and Budget shall provide to the board and council an estimate of
35.26 the net transit sales tax proceeds for the subsequent calendar year.

35.27 (c) If, on October 1 in any year, the board and the Metropolitan Council have not
35.28 reached agreement as to the contents of the joint certification, they shall submit the issue
35.29 for dispute resolution to a panel composed of a member appointed by the chair of the
35.30 Metropolitan Council, a member appointed by the board, and a member agreed upon by
35.31 both the chair and the board. The panel shall mediate discussion of areas of disagreement
35.32 and shall issue advisory recommendations.

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

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

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

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

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

36.10 (1) continuation of bus and rail transit operations, including but not limited to
36.11 operations of providers under section 473.388, and operations and maintenance of all
36.12 transit ways under revenue operations; and

36.13 (2) transit expansion in accordance with the transit portion of the council's policy
36.14 transit plan, including, but not limited to, expansion and upgrades of bus service and
36.15 related amenities, including transit provided under section 473.388, development of
36.16 arterial bus rapid transit, transit ways, and streetcars as appropriate, and maintenance of
36.17 affordable transit fares.

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

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

36.31 Subd. 7. **Transition.** Notwithstanding subdivision 2, for the calendar year ending
36.32 December 31, 2013, the board shall advance proceeds from the net transit sales tax
36.33 imposed in section 297A.992, subdivision 2, as follows:

36.34 (1) \$11,700,000 to the council for transit operations under chapter 473; and

36.35 (2) \$2,500,000 to the council for the Southwest light rail transit project.

37.1 The board account will be reimbursed \$14,200,000 from net sales tax proceeds in calendar
37.2 year 2014.

37.3 **EFFECTIVE DATE.** This section is effective July 1, 2013, and applies in the
37.4 counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

37.5 Sec. 8. Minnesota Statutes 2012, section 297A.993, subdivision 1, is amended to read:

37.6 Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99,
37.7 subdivisions 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county outside
37.8 the metropolitan transportation area, as defined under section 297A.992, subdivision 1, or
37.9 more than one county outside the metropolitan transportation area acting under a joint
37.10 powers agreement, may by resolution of the county board, or each of the county boards,
37.11 following a public hearing impose (1) a transportation sales tax at a rate of up to one-half
37.12 of one percent on retail sales and uses taxable under this chapter, and (2) an excise tax
37.13 of \$20 per motor vehicle, as defined in section 297B.01, subdivision 11, purchased or
37.14 acquired from any person engaged in the business of selling motor vehicles at retail,
37.15 occurring within the jurisdiction of the taxing authority. ~~The taxes imposed under this~~
37.16 ~~section are subject to approval by a majority of the voters in each of the counties affected~~
37.17 ~~at a general election who vote on the question to impose the taxes.~~

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

37.19 Sec. 9. Minnesota Statutes 2012, section 297A.993, subdivision 2, is amended to read:

37.20 Subd. 2. **Allocation; termination.** The proceeds of the taxes must be dedicated
37.21 exclusively to: (1) payment of the capital cost of a specific transportation project or
37.22 improvement; (2) payment of the costs, which may include both capital and operating
37.23 costs, of a specific transit project or improvement; (3) payment of the capital costs of a
37.24 safe route to school program under section 174.40; or (4) payment of transit operating
37.25 costs. The transportation or transit project or improvement must be designated by the
37.26 board of the county, or more than one county acting under a joint powers agreement.
37.27 Except for taxes for operating costs of a transit project or improvement, or for transit
37.28 operations, the taxes must terminate after the project or improvement has been completed
37.29 when revenues raised are sufficient to finance the project.

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

37.31 Sec. 10. Minnesota Statutes 2012, section 297B.01, subdivision 14, is amended to read:

38.1 Subd. 14. **Purchase price.** (a) "Purchase price" means the total consideration
38.2 valued in money for a sale, whether paid in money or otherwise. The purchase price
38.3 excludes the amount of a manufacturer's rebate paid or payable to the purchaser. If a motor
38.4 vehicle is taken in trade as a credit or as part payment on a motor vehicle taxable under
38.5 this chapter, the credit or trade-in value allowed by the person selling the motor vehicle
38.6 shall be deducted from the total selling price to establish the purchase price of the vehicle
38.7 being sold and the trade-in allowance allowed by the seller shall constitute the purchase
38.8 price of the motor vehicle accepted as a trade-in. The purchase price in those instances
38.9 where the motor vehicle is acquired by gift or by any other transfer for a nominal or no
38.10 monetary consideration shall also include the average value of similar motor vehicles,
38.11 established by standards and guides as determined by the motor vehicle registrar. The
38.12 purchase price in those instances where a motor vehicle is manufactured by a person who
38.13 registers it under the laws of this state shall mean the manufactured cost of such motor
38.14 vehicle and manufactured cost shall mean the amount expended for materials, labor,
38.15 and other properly allocable costs of manufacture, except that in the absence of actual
38.16 expenditures for the manufacture of a part or all of the motor vehicle, manufactured costs
38.17 shall mean the reasonable value of the completed motor vehicle.

38.18 (b) The term "purchase price" shall not include the portion of the value of a motor
38.19 vehicle due solely to modifications necessary to make the motor vehicle disability
38.20 accessible.

38.21 (c) The term "purchase price" shall not include the transfer of a motor vehicle by
38.22 way of gift between a husband and wife or parent and child, or to a nonprofit organization
38.23 as provided under subdivision 16, paragraph (c), clause ~~(5)~~ (6), nor shall it include
38.24 the transfer of a motor vehicle by a guardian to a ward when there is no monetary
38.25 consideration and the title to such vehicle was registered in the name of the guardian, as
38.26 guardian, only because the ward was a minor.

38.27 (d) The term "purchase price" shall not include the transfer of a motor vehicle as a
38.28 gift between a foster parent and foster child. For purposes of this subdivision, a foster
38.29 relationship exists, regardless of the age of the child, if (1) a foster parent's home is or was
38.30 licensed as a foster family home under Minnesota Rules, parts 9545.0010 to 9545.0260,
38.31 and (2) the county verifies that the child was a state ward or in permanent foster care.

38.32 (e) There shall not be included in "purchase price" the amount of any tax imposed by
38.33 the United States upon or with respect to retail sales whether imposed upon the retailer or
38.34 the consumer.

38.35 **EFFECTIVE DATE.** This section is effective July 1, 2013, and applies to transfers
38.36 of title that occur on or after that date.

39.1 Sec. 11. Minnesota Statutes 2012, section 297B.01, subdivision 16, is amended to read:

39.2 Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale,"
39.3 "sells," "selling," "purchase," "purchased," or "acquired" means any transfer of title of any
39.4 motor vehicle, whether absolutely or conditionally, for a consideration in money or by
39.5 exchange or barter for any purpose other than resale in the regular course of business.

39.6 (b) Any motor vehicle utilized by the owner only by leasing such vehicle to others
39.7 or by holding it in an effort to so lease it, and which is put to no other use by the owner
39.8 other than resale after such lease or effort to lease, shall be considered property purchased
39.9 for resale.

39.10 (c) The terms also shall include any transfer of title or ownership of a motor vehicle
39.11 by other means, for or without consideration, except that these terms shall not include:

39.12 (1) the acquisition of a motor vehicle by inheritance from or by bequest of, a
39.13 decedent who owned it;

39.14 (2) the transfer of a motor vehicle which was previously licensed in the names of
39.15 two or more joint tenants and subsequently transferred without monetary consideration to
39.16 one or more of the joint tenants;

39.17 (3) the transfer of a motor vehicle by way of ~~gift between individuals, or gift~~
39.18 from a limited used vehicle dealer licensed under section 168.27, subdivision 4a, to an
39.19 individual, when the transfer is with no monetary or other consideration or expectation
39.20 of consideration and the parties to the transfer submit an affidavit to that effect at the
39.21 time the title transfer is recorded;

39.22 (4) the transfer of a motor vehicle by gift between spouses or between parent and
39.23 child;

39.24 (5) the voluntary or involuntary transfer of a motor vehicle between a husband and
39.25 wife in a divorce proceeding; or

39.26 ~~(5)~~ (6) the transfer of a motor vehicle by way of a gift to an organization that is exempt
39.27 from federal income taxation under section 501(c)(3) of the Internal Revenue Code when
39.28 the motor vehicle will be used exclusively for religious, charitable, or educational purposes.

39.29 **EFFECTIVE DATE.** This section is effective July 1, 2013, and applies to transfers
39.30 of title that occur on or after that date.

39.31 Sec. 12. Minnesota Statutes 2012, section 297B.02, subdivision 3, is amended to read:

39.32 Subd. 3. **In lieu tax for collector vehicle.** In lieu of the tax imposed in subdivision
39.33 1, there is imposed a tax of ~~\$90~~ \$150 on the purchase price of a passenger automobile or a
39.34 fire truck described in section 297B.025, subdivision 2.

40.1 **EFFECTIVE DATE.** This section is effective July 1, 2013, and applies to transfers
40.2 of title that occur on or after that date.

40.3 Sec. 13. Minnesota Statutes 2012, section 398A.10, subdivision 1, is amended to read:

40.4 Subdivision 1. **Capital costs.** A county regional railroad authority may not
40.5 contribute more than ~~ten~~ five percent of the capital costs of a light rail transit or commuter
40.6 rail project. This subdivision does not apply to a light rail transit project for which a
40.7 county regional railroad authority commits to providing an amount greater than ~~ten~~ five
40.8 percent of the capital costs, if the commitment (1) is made before ~~October 2, 2008~~ the
40.9 effective date of this section, (2) is made as part of an application for federal funds, and
40.10 (3) is adjusted by the county regional railroad authority to meet the requirements of this
40.11 subdivision as part of the next scheduled federal funding application for the project.

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

40.13 Sec. 14. Minnesota Statutes 2012, section 473.39, is amended by adding a subdivision
40.14 to read:

40.15 Subd. 1s. **Obligations.** After July 1, 2013, in addition to other authority in this
40.16 section, the council may issue certificates of indebtedness, bonds, or other obligations
40.17 under this section in an amount not exceeding \$35,800,000 for capital expenditures as
40.18 prescribed in the council's transit capital improvement program and for related costs,
40.19 including the costs of issuance and sale of the obligations.

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

40.23 Sec. 15. Minnesota Statutes 2012, section 473.39, is amended by adding a subdivision
40.24 to read:

40.25 Subd. 6. **Revenue bonds.** (a) In addition to other authority under this section, the
40.26 council may, by resolution, authorize the issuance and sale of its revenue bonds, notes, or
40.27 other obligations to provide funds to implement the council's transit capital improvement
40.28 program and to refund bonds issued under this subdivision.

40.29 (b) The bonds shall be sold, issued, and secured in the manner provided in chapter
40.30 475 for bonds payable solely from or secured by revenues, and the council shall have the
40.31 same powers and duties as a municipality and its governing body in issuing bonds under
40.32 that chapter. The bonds (1) shall be payable from and secured by a pledge of all or any
41.1 part of revenues receivable to the council from the metropolitan area transit sales tax
41.2 imposed under section 297A.992 and allocated under section 299A.9925, and associated
41.3 investment earnings on debt proceeds; (2) shall not, and shall state they do not, represent
41.4 or constitute a general obligation of the council; and (3) shall not be included in the net
41.5 debt of any city, county, or other subdivision of the state for the purpose of any net
41.6 debt limitation. The bonds will be deemed payable wholly from the income of revenue
41.7 producing conveniences within the meaning of section 475.58. The proceeds of the bonds
41.8 may also be used to fund necessary reserves and to pay credit enhancement fees, issuance
41.9 costs, and other financing costs during the life of the debt.

41.10 (c) The bonds may be secured by a bond resolution, or a trust indenture entered into
41.11 by the council with a corporate trustee within or outside the state, which shall define the
41.12 revenues and bond proceeds pledged for the payment and security of the bonds. The
41.13 pledge shall be a valid charge on the revenues received by the council under section
41.14 299A.9925. Neither the state, nor any municipality or political subdivision except the
41.15 council, nor any member or officer or employee of the council, is liable on the obligations.
41.16 No mortgage of or security interest in any tangible real or personal property shall be
41.17 granted to the bondholders or the trustee, but they shall have a valid security interest in the
41.18 revenues and bond proceeds received by the council and pledged to the payment of the
41.19 bonds. In the bond resolution or trust indenture, the council may make such covenants as
41.20 it determines to be reasonable for the protection of the bondholders, including a covenant
41.21 to issue general obligation bonds to refund the revenue bonds if and to the extent required
41.22 to pay principal and interest on the bonds.

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