

## CHAPTER 203—H.F.No.1722

[Coded in Part]

An act relating to transportation; increasing the tax on gasoline and special fuels; eliminating the excise tax on certain products from waste materials; decreasing the tax levies authorized for the metropolitan transit commission; providing for a redefinition of the transit taxing district; authorizing contract service beyond the boundaries thereof; authorizing a limited tax outside the boundaries thereof; providing for public transit assistance and demonstration projects; establishing conditions upon the construction of certain highways; amending a route on the interstate system; adding additional routes to the trunk highway system; providing for the construction of acoustical barriers on interstate highways; reapportioning five percent of the highway user tax; allocating part of the tax for bridge purposes; proposing an amendment to the Minnesota Constitution, Article XIV to permit proceeds from future increases in motor fuel taxes to be deposited in the state treasury and removing certain restrictions on highway bonds; appropriating money; amending Minnesota Statutes 1974, Sections 161.081; 161.082, by adding a subdivision; 161.12; 296.02, Subdivision 1; Chapter 296, by adding a section; and Laws 1974, Chapter 534, Section 4, Subdivision 4, and Section 5, Subdivision 3; and Laws 1975, Chapter 13, Section 71, Subdivisions 1, 2, 4, and by adding a subdivision; repealing Laws 1974, Chapter 534, Section 5, Subdivision 4.

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

Section 1. Minnesota Statutes 1974, Section 296.02, Subdivision 1, is amended to read:

**296.02 TAXATION; GASOLINE, EXCISE TAX; TRANSPORTATION.** Subdivision 1. **TAX IMPOSED FOR MOTOR VEHICLE USE.** There is hereby imposed an excise tax of ~~seven~~ nine cents per gallon on all gasoline used in producing and generating power for propelling motor vehicles used on the public highways of this state. This tax shall be payable at the times, in the manner, and by persons specified in this chapter.

Sec. 2. The increased tax imposed by section 1 applies to all gasoline, and special fuels as defined in section 296.01, subdivision 6, in distributor storage on June 1, 1975.

Sec. 3. Minnesota Statutes 1974, Chapter 296, is amended by adding a section to read:

**[296.03] EXEMPTION FOR PRODUCTS OF WASTE MATERIALS.** No excise tax shall be imposed pursuant to sections 296.02 or 296.025 on any substitute product for petroleum which has been manufactured from waste materials, including agricultural waste and byproducts, household waste, solid waste, and wood byproducts.

Changes or additions indicated by underline deletions by ~~strikeout~~

Sec. 4. Laws 1975, Chapter 13, Section 71, Subdivision 1, is amended to read:

Sec. 71. **[473.446] TRANSIT TAX LEVIES.** Subdivision 1. **AMOUNT.** For the purposes of sections 52 to 75 and the metropolitan transit system, the metropolitan transit commission may levy upon all taxable property within the metropolitan transit taxing district, defined herein, a transit tax, which shall not in any year exceed the sum of the following:

(a) An amount equal to ~~2.87-1.72~~ mills times the assessed value of all such property some or all of the proceeds of which may be used to provide for the full and timely payment of its certificates of indebtedness and other obligations of the commission to which collections of the wheelage tax and replacement property tax under section 69 have been pledged, plus any amount needed for compliance with any final judgment of a court of competent jurisdiction requiring payment of any amount of the wheelage tax levied by the commission for 1971 and prior years; ~~except that the amount of taxes which may be levied in any year for the operating costs of the commission shall, except where this reduction would render the commission ineligible for the federal aid involved, be further reduced by the amount of any funds received by the commission during the previous year from federal grants to cover operating costs; plus~~

(b) Such an additional amount equal to .04 mills times the assessed valuation of all such property all of which shall be used for the operating cost of service programs for the handicapped; plus

(e)-(b) Such additional amount, if any, as the commission determines to be necessary to provide for the full and timely payment of its certificates of indebtedness and other obligations to which property taxes under this section have been pledged, provided that the amount of principal and interest to come due on such obligations shall not exceed \$3,000,000 in any year; plus an additional amount not to exceed \$2,000,000 in any one year to be used exclusively to provide for the full and timely payment of certificates of indebtedness and other obligations issued for the purposes of the bus service expansion report last adopted by the metropolitan transit commission on February 20, 1974; to which property taxes under this section have been pledged;

(d)-(c) Nothing in this section shall be construed as providing funding for the preliminary engineering, consultant studies, or construction ~~for the automated of a regional fixed guideway system proposed in the 1973 transit development program of the commission.~~

Sec. 5. Laws 1975, Chapter 13, Section 71, Subdivision 2, is amended to read:

**[473.446] Subd. 2. TRANSIT TAXING DISTRICT.** The metropolitan transit taxing district is hereby designated as that portion of the ~~Changes or additions indicated by underline deletions by strikeout~~

metropolitan transit area lying within the corporate limits of Minneapolis and St. Paul and extending out to the corporate limits of all incorporated cities contiguous either to Minneapolis or St. Paul or to each other, ending with a continuous boundary with unincorporated areas, which transit taxing district shall include any unincorporated area fully surrounded by the incorporated areas within the district as the boundaries existed on October 31, 1973. The taxing district shall also include any municipality or township directly served by the transit system; provided, that said district shall not include any county not directly served by the transit system. For the purposes of this subdivision a county is not "directly served" if no bus or other public transit conveyance enters such county on a regularly scheduled basis, at least twice daily, for the purpose of transporting passengers: the following named cities, towns, or unorganized territory within the counties indicated:

(a) ANOKA COUNTY. Anoka, Blaine, Centerville, Columbia Heights, Coon Rapids, Fridley, Circle Pines, Hilltop, Lexington, Lino Lakes, Spring Lake Park;

(b) CARVER COUNTY. Chanhausen, the city of Chaska, Victoria;

(c) DAKOTA COUNTY. Apple Valley, Burnsville, Eagan, Inver Grove Heights, Lillydale, Mendota, Mendota Heights, Rosemount, South St. Paul, Sunfish Lake, West St. Paul;

(d) RAMSEY COUNTY. All of the territory within Ramsey county;

(e) HENNEPIN COUNTY. Bloomington, Brooklyn Center, Brooklyn Park, Champlain, Chanhausen, Crystal, Deephaven, Eden Prairie, Edina, Excelsior, Golden Valley, Greenwood, Hopkins, Long Lake, Maple Grove, Medicine Lake, Minneapolis, Minnetonka, Minnetonka Beach, Mound, New Hope, Orono, Osseo, Plymouth, Richfield, Robbinsdale, St. Anthony, St. Louis Park, Shorewood, Spring Park, Tonka Bay, Wayzata, Woodland, the unorganized territory of Hennepin county;

(f) SCOTT COUNTY. Prior Lake, Savage, Shakopee;

(g) WASHINGTON COUNTY. Baytown, the city of Stillwater, White Bear Lake, Bayport, Birchwood, Cottage Grove, Dellwood, Lake Elmo, Landfall, Mahtomedi, Newport, Oakdale, Oak Park Heights, Pine Springs, St. Paul Park, Willernie, Woodbury.

The commission in its sole discretion may provide transit service by contract beyond the boundaries of the metropolitan transit taxing district upon petition therefor by an interested city, township or political subdivision within the metropolitan transit area. The commission may establish such terms and conditions as it deems necessary and advisable for providing the transit service, including such combination of fares and direct payments by the petitioner as will compensate the

Changes or additions indicated by underline deletions by ~~strikeout~~

commission for the full capital and operating cost of the service and the related administrative activities of the commission. The amount of the levy made by any municipality to pay for the service shall be disregarded when calculation of levies subject to limitations is made. The commission shall not be obligated to extend service beyond the boundaries of the taxing district under any law or contract unless or until payment therefor is received.

Sec. 6. [473.446] Subd. 2a. **PROTECTION OF RIGHTS OF HOLDERS OF OUTSTANDING INDEBTEDNESS.** The provisions of section 5 or any other law changing the boundaries of the metropolitan transit taxing district shall not be deemed to impair the rights of holders of outstanding indebtedness of the commission to require the levy of property taxes, if necessary to provide for any deficiency in accordance with the conditions of such indebtedness, on all property within the limits of the metropolitan transit taxing district as such limits were in effect at the date of issuance of such indebtedness.

Sec. 7. Laws 1975, Chapter 13, Section 71, is amended by adding a subdivision to read:

[473.446] Subd. 1a. **TAXATION WITHIN TRANSIT AREA.** For the purposes of Laws 1975, Chapter 13, Sections 52 to 75, and the metropolitan transit system, the metropolitan transit commission shall levy upon all taxable property within the metropolitan transit area but outside of the metropolitan transit taxing district, defined herein, a transit tax, which shall be equal to ten percent of the sum of the levies provided in Laws 1975, Chapter 13, Section 71, Subdivision 1.

Sec. 8. Laws 1975, Chapter 13, Section 71, Subdivision 4, is amended to read:

[473.446] Subd. 4. **USE OF PROCEEDS.** (1) A portion of the proceeds of the tax described in this section shall be used to provide transit services, at no cost, between the hours of 9:00 a.m. and 3:30 p.m., and from 6:30 p.m. until the last bus on Monday through Friday of each week, and all day Saturday and Sunday to all those persons 65 years of age or over holding a medicare card or a special golden age identification card issued by the commission ; ~~and to all those persons under the age of 18 .~~

(2) Establish an express bus system to those areas within the transit taxing district at the earliest practicable time over existing highways and streets in conjunction with the federal highway administration, the urban mass transportation administration, the Minnesota highway department, the metropolitan council, and other highway agencies.

(3) A portion of the proceeds of the tax described in this section shall be used to provide transit services, for a maximum fare of ten cents, between the hours of 9:00 a.m. and 3:30 p.m., and from 6:30

Changes or additions indicated by underline deletions by ~~strikeout~~

p.m. until the last bus on Monday through Friday of each week, and all day Saturday and Sunday to all those persons under the age of 18 holding an identification card issued by the commission. The commission may establish reasonable conditions upon the use of the reduced fare authorized by this section.

Sec. 9. Laws 1974, Chapter 534, Section 4, Subdivision 4, is amended to read:

Subd. 4. **ORGANIZATION.** The state planning agency shall administer this supplemental public transit aid program ~~in areas other than the metropolitan transit area~~ and shall have all the powers necessary and convenient to implement the program, including the following:

(a) Adopt rules and regulations necessary to carry out the purpose of this section.

(b) Receive applications for aid under this section and prescribe the form and nature and extent of the information which shall be contained in the application.

(c) Make and execute contracts with any eligible recipients to insure the continuance and improvement of public transit service at reasonable fares. Payments under such contracts to eligible recipients shall not exceed two-thirds nor be less than one half of the total operating deficit of the public transit system involved. In allocating these funds, the state planning agency may consider population, transit ridership, relative need for public transit, new developments and other factors. Grants to the Twin Cities metropolitan transit commission under this section prior to December 31, 1975, shall not exceed \$2,691,000.

(d) Determine the operating deficit of any public transit system in accordance with the general accepted accounting principles and practices. An eligible recipient shall treat any financial assistance received from any agency of the federal government for the operation of a public transit system as revenue for the purposes of determining its total operating deficit. In determining such total operating deficits, the agency shall consider all increases and expenses and reductions in revenue in the public transit system after the effective date of this section and may disallow portions or all or any such increase or reductions. Where legislatively established public transit authorities or commissions do not exist, and if more than one county or municipality contributes assistance to the operation of a public transit system, the aid distributable under this section shall be allocated among contributors in proportion to their contribution.

(e) Apply for, receive and accept federal funds made available for the purpose of this section, if requested, on behalf of eligible recipients.

Changes or additions indicated by underline deletions by ~~strikeout~~

Sec. 10. Laws 1974, Chapter 534, Section 5, Subdivision 3, is amended to read:

Subd. 3. **ELIGIBILITY.** Eligible recipients of the financial assistance through the public transit demonstration program include counties, municipalities, legislatively established public transit authorities or commissions, or combinations of such units in areas other than the metropolitan transit area defined in Minnesota Statutes, Chapter 473A. Applications for financial assistance shall be made through the regional development commissions or the metropolitan council.

Sec. 11. Subdivision 1. There is hereby appropriated from the general fund the sum of \$26,000,000 to the state planning agency for the purposes of carrying out the provisions of Laws 1974, Chapter 534, Section 4, and section 9 of this act, with not less than \$2,000,000 and not more than \$2,200,000 to be allocated outside of the metropolitan area.

Subd. 2. There is hereby appropriated from the general fund to the state planning agency the sum of \$2,000,000 for the purposes of carrying out the provisions of Laws 1974, Chapter 534, Section 5, and section 10 of this act.

Sec. 12. **ADMINISTRATION.** There is hereby appropriated to the state planning agency the sum of \$85,000 from the general fund for the purposes of administering the supplemental public transit aid program and the public transit demonstration program as provided in Laws 1974, Chapter 534, Sections 1 to 7, and sections 9 to 13 this act. None of the moneys hereby appropriated shall cancel but shall be available until expended.

Sec. 13. During the second year of the biennium, funds, other than funds designated for use by the metropolitan transit commission, remaining unobligated under the supplemental public transit aid program and the public transit demonstration program, sections 9 and 10 of this act, may be allocated for either of the purposes described in sections 9 and 10.

Sec. 14. **APPROPRIATION TO COMMISSIONER OF HIGHWAYS.** There is appropriated to the commissioner of highways from the general fund the sum of \$14,000,000 for the fiscal year ending June 30, 1975, to enable the department of highways to complete its 1975 fiscal year construction program.

Sec. 15. **[161.123] HIGHWAY CONSTRUCTION; PROHIBITIONS.** Following the effective date of this act the department of highways shall not cause any construction on, nor shall any lands be acquired for, any of the trunk highways designated as I-335, that portion of I-35E in Ramsey county described in section 19, clause (3), nor for proposed I-394 between I-494 and the Hawthorne interchange, nor for any extension or connector of the Dartmouth interchange of the in-

Changes or additions indicated by underline deletions by ~~strikeout~~

terstate route designated as I-94; nor shall the department construct or improve Legislative Route No. 116, marked trunk highway route No. 55, within the city of Minneapolis, to freeway or expressway standards; provided, that nothing in this section shall be construed to prohibit the department from taking the following actions:

(1) Construction of a parkway facility of not more than four lanes of traffic in the corridor previously designated for I-335 in the city of Minneapolis.

(2) Construction of not more than six lanes of travel on Legislative Routes No. 10 and No. 107 marked TH12 between I-494 and the Hawthorne interchange in the city of Minneapolis, provided that no additional lands shall be acquired for any such purpose except which is necessary for construction of six lanes of travel on said highway.

(3) Construction of, on the route designated in section 19, clause (3), a four lane parkway facility with limited access, provided that such parkway shall not be physically connected with Legislative Route No. 392.

(4) Generally utilizing and widening present lanes of travel, increasing the number of lanes of travel up to but not exceeding six lanes, and upgrading Legislative Route No. 116 within the city of Minneapolis generally along its present traveled corridor.

Any highway facility authorized by this section shall be compatible with the immediate residential areas through which it passes. Upon the completion of any highway facility authorized herein, any right of way previously acquired within the utilized corridor and not needed for the construction and maintenance of such facility, shall be transferred to the city within which such excess right of way is located, for public purposes, or sold for utilization in a manner compatible with the immediate residential area through which it passes, such excess right of way being determined by order of the commissioner. The transfer shall be evidenced by a quit claim deed, in such form as the attorney general approves, executed by the governor in the name of the state of Minnesota to such city.

The commissioner of highways shall consider a parkway or other alternatives for that portion of the trunk highway designated as I-35 or Route No. 390 in the city of Duluth.

Sec. 16. The metropolitan council with the transportation advisory board and the city councils of the affected cities shall review the uncompleted sections of the interstate system in the seven county metropolitan area. Such review shall include an analysis of the financial and social impact as to alternative interstate route designations or transit substitutes while maintaining the integrity of the interstate system.

Changes or additions indicated by underline deletions by ~~strikeout~~

The metropolitan council shall report the findings of such study to the state legislature not later than February 1, 1976.

Sec. 17. **APPROPRIATION.** There is hereby appropriated to the metropolitan council from the general fund the sum of \$25,000 for the purpose of section 16.

Sec. 18. Minnesota Statutes 1974, Section 161.12, is amended to read:

**161.12 ADDITIONAL ROUTES ADDED TO TRUNK HIGHWAY SYSTEM.** To take advantage of federal aid made available by the United States to the state of Minnesota for highway purposes, the following trunk highway routes are added to the trunk highway system which routes form a part of the national system of interstate and defense highways and may be referred to as the interstate system:

Route No. 390. Beginning at a point on the boundary between the states of Minnesota and Iowa, southerly of Albert Lea; thence extending in a general northerly direction ~~through to a point on~~ Route No. 111 in the city of St. Paul; and then beginning again at a point on Route No. 392 in the city of St. Paul; thence extending in a general northeasterly direction to a point in Duluth on the boundary between the states of Minnesota and Wisconsin.

Route No. 391. Beginning at a point on the boundary between the states of Minnesota and South Dakota, westerly of Luverne; thence extending in a general easterly direction to a point on the boundary between the states of Minnesota and Wisconsin, near La Crescent.

Route No. 392. Beginning at a point on the boundary between the states of Minnesota and North Dakota in or near Moorhead; thence extending in a general southeasterly direction through the city of Minneapolis; thence in a general easterly direction through the city of St. Paul to a point on the boundary between the states of Minnesota and Wisconsin in or near Lakeland.

Route No. 393. Beginning at a point on Route No. 392, easterly of the city of St. Paul; thence in a general southerly and westerly direction through the city of South St. Paul; thence in a general westerly direction to a point in Eden Prairie Township, Hennepin County; thence in a general northerly direction to a point in the city of Maple Grove, Hennepin County; thence in a general easterly direction to a point on Route 390; thence in a general easterly, southeasterly and southerly direction to the point of beginning on Route No. 392, easterly of St. Paul.

Route No. 394. Beginning at a point on Route No. 390, southerly of the Minnesota River; thence extending in a general northerly and northeasterly direction through the city of Minneapolis; thence continuing in a northeasterly direction to a point on Route No. 390, near Forest Lake and there terminating.

Changes or additions indicated by underline deletions by ~~strikeout~~



Route No. 395. Beginning at a point on Route No. 390 at or near the intersection of Superior Street and Nineteenth Avenue West in the city of Duluth, thence extending in a northeasterly direction to a point on Route No. 103 at or near the intersection of Superior Street and Tenth Avenue East in the city of Duluth.

Sec. 19. [161.117] TRUNK HIGHWAYS; ADDITIONAL ROUTES. There may be added by order of the commissioner of highways to the trunk highway system new routes described as follows:

(1) Route No. 380. Beginning at a point on Route No. 390 at its intersection with Shepard Road in the city of St. Paul; thence extending in a northeasterly direction generally following along the course of Shepard Road to a point on Route No. 112; thence extending in a northeasterly direction to a point on Route No. 392 easterly of the downtown area of St. Paul; providing a connector route between Route No. 390 and Routes No. 112 and 392;

(2) Route No. 381. Beginning at a point on Route No. 112, north-erly of the Lafayette Street bridge in the city of St. Paul; thence extending in a northwesterly direction to a point on Route No. 390 south-erly of Maryland Avenue in the city of St. Paul; providing a connector route between Route No. 112 and Route No. 390; and

(3) Route No. 382. Beginning at a point on Route No. 390 at its junction with Route No. 111, thence extending in a general northerly direction, within the corridor of the right of way already acquired on the effective date of this act for Route No. 390, to a point on Short Line Road; thence extending in a northeasterly direction within said corridor of right of way to the intersection of Pleasant Avenue and Kellogg Boulevard in the city of St. Paul.

The revisor of statutes is directed to assign a number to each of the routes added in this section and compile the same in the next and subsequent editions of Minnesota Statutes.

Sec. 20. [161.125] SOUND ABATEMENT ALONG HIGHWAYS.  
Subdivision 1. The commissioner of highways shall cause to be con-structed adequate and effective acoustical barriers or implement other sound abatement programs in or along the perimeter of any interstate highway within incorporated areas located within the metropolitan area whenever the noise level attributable to vehicular traffic at the abutting residential property line is in excess of the federal noise stan-dards. The commissioner shall utilize available federal matching funds in constructing the acoustical barriers.

Subd. 2. Beginning with the fiscal year ending June 30, 1976, the commissioner shall annually expend an amount equal to one percent of an amount equal to sixty-two percent of the revenues derived from the tax imposed on gasoline used in producing and generating power for propelling motor vehicles used on the public highways of this state

Changes or additions indicated by underline deletions by strikeout

when federal funds are available, for the purpose of carrying out the provisions of subdivision 1 of this section. In the event that funds derived from such one percent exceed the amount necessary to carry out the provisions of subdivision 1, the excess funds shall be utilized by the commissioner to construct adequate and effective acoustical barriers along other trunk highways in the metropolitan area where he deems them necessary to counteract vehicle noise.

Sec. 21. The legislature of the state of Minnesota expresses concern over the future transportation needs of the citizens of our state and the many businesses and industries which need to transport their products to the marketplace.

The possibility of achieving better and more efficient utilization of both federal and state monies should be thoroughly examined prior to the 1977 legislature's approval of the highway department's budget. Therefore, a study commission is hereby created to evaluate the policies, programs, projects, costs and financing of the Minnesota department of highways.

The commission shall work in conjunction with the legislative audit commission and present its report and specific legislative recommendations to the House appropriations committee and the Senate finance committee prior to consideration of the department's 1977 budget.

The commission shall consist of the chairman of the House appropriations committee, the chairman of the Senate finance committee, five members of the House appointed by the speaker of the House, and five members of the Senate appointed by the committee on committees.

The appointed members shall serve for a term commencing upon appointment and expiring with the commission at the opening of the 1977 legislature.

Sec. 22. Minnesota Statutes 1974, Section 161.081, is amended to read:

**161.081 HIGHWAY USER TAX, DISTRIBUTION OF PORTION OF PROCEEDS.** Pursuant to article ~~XVI~~<sup>XIV</sup>, section 5, of the constitution, five percent of the net highway user tax distribution fund is set aside, and apportioned as follows:

(1) ~~70~~<sup>60</sup> percent to the trunk highway fund;

(2) ~~21~~<sup>31</sup> percent to a separate account in the county state-aid highway fund to be known as the county turnback account, which account in the state treasury is hereby created;

(3) 9 percent to a separate account in the municipal state-aid

Changes or additions indicated by underline deletions by ~~strikeout~~

street fund to be known as the municipal turnback account, which account in the state treasury is hereby created.

Sec. 23. Minnesota Statutes 1974, Section 161.082, is amended by adding a subdivision to read:

Subd. 2a. An amount equal to 32 percent of the county turnback account shall be expended, within counties having two or more towns, on town road bridge structures that are 20 feet or more in length. The expenditures on such bridge structures shall be on a matching basis, and not more than 50 percent of the cost of any such bridge structure shall be paid from the county turnback account. The rules and regulations of the commissioner of highways relating to the expenditure of funds for the purposes of this subdivision shall include review of township bridge projects by the regional development commissions or the metropolitan council to determine the relative need of the township for financial assistance.

Sec. 24. **PROVISIONS OF SECTIONS 22 AND 23 NOT SEVERABLE.** The provisions of sections 22 and 23 are not severable, and if any provision of sections 22 or 23 is found to be unconstitutional, the provisions of sections 22 and 23 are not valid, and the law as it existed prior to the effective date of these sections shall remain in effect.

Sec. 25. The following amendment to the Minnesota Constitution, Article XIV, is proposed to the people of the state. If the amendment is adopted the article shall read:

#### ARTICLE XIV PUBLIC HIGHWAY SYSTEM

Section 1. The state may construct, improve and maintain public highways, may assist political subdivisions in this work and by law may authorize any political subdivision to aid in highway work within its boundaries.

Sec. 2. There is hereby created a trunk highway system which shall be constructed, improved and maintained as public highways by the state. The highways shall extend as nearly as possible along the routes number 1 to 70 described in the constitutional amendment adopted November 2, 1920, and the routes described in any act of the legislature which has made or hereafter makes a route a part of the trunk highway system.

The legislature may add by law new routes to the trunk highway system. The trunk highway system may not exceed 12,200 miles in extent, except the legislature may add trunk highways in excess of the mileage limitation as necessary or expedient to take advantage of any federal aid made available by the United States to the state of Minnesota.

Changes or additions indicated by underline deletions by ~~strikeout~~

Any route added by the legislature to the trunk highway system may be relocated or removed from the system as provided by law. The definite location of trunk highways numbered 1 to 70 may be relocated as provided by law but no relocation shall cause a deviation from the starting points or terminals nor cause any deviation from the various villages and cities through which the routes are to pass under the constitutional amendment adopted November 2, 1920. The location of routes may be determined by boards, officers or tribunals in the manner prescribed by law.

Sec. 3. A county state-aid highway system shall be constructed, improved and maintained by the counties as public highways in the manner provided by law. The system shall include streets in municipalities of less than 5,000 population where necessary to provide an integrated and coordinated highway system and may include similar streets in larger municipalities.

Sec. 4. A municipal state-aid street system shall be constructed, improved and maintained as public highways by municipalities having a population of 5,000 or more in the manner provided by law.

Sec. 5. There is hereby created a highway user tax distribution fund to be used solely for highway purposes as specified in this article. The fund consists of the proceeds of any taxes authorized by sections 9 and 10 of this article, except as otherwise provided in section 10. The net proceeds of the taxes shall be apportioned: 62 percent to the trunk highway fund; 29 percent to the county state-aid highway fund; nine percent to the municipal state-aid street fund. Five percent of the net proceeds of the highway user tax distribution fund may be set aside and apportioned by law to one or more of the three foregoing funds. The balance of the highway user tax distribution fund shall be transferred to the trunk highway fund, the county state-aid highway fund, and the municipal state-aid street fund in accordance with the percentages set forth in this section. No change in the apportionment of the five percent may be made within six years of the last previous change.

Sec. 6. There is hereby created a trunk highway fund which shall be used solely for the purposes specified in section 2 of this article and the payment of principal and interest of any bonds issued under the authority of section 11 of this article and any bonds issued for trunk highway purposes prior to July 1, 1957. All payments of principal and interest on bonds issued shall be a first charge on money coming into this fund during the year in which the principal or interest is payable.

Sec. 7. There is hereby created a county state-aid highway fund. The county state-aid highway fund shall be apportioned among the counties as provided by law. The funds apportioned shall be used by the counties as provided by law for aid in the construction, improvement and maintenance of county state-aid highways. The legislature may authorize the counties by law to use a part of the funds appor-

Changes or additions indicated by underline deletions by ~~strikeout~~

tioned to them to aid in the construction, improvement and maintenance of other county highways, township roads, municipal streets and any other public highways, including but not limited to trunk highways and municipal state-aid streets within the respective counties.

Sec. 8. There is hereby created a municipal state-aid street fund to be apportioned as provided by law among municipalities having a population of 5,000 or more. The fund shall be used by municipalities as provided by law for the construction, improvement and maintenance of municipal state-aid streets. The legislature may authorize municipalities to use a part of the fund in the construction, improvement and maintenance of other municipal streets, trunk highways, and county state-aid highways within the counties in which the municipality is located.

Sec. 9. The legislature by law may tax motor vehicles using the public streets and highways on a more onerous basis than other personal property. Any such tax on motor vehicles shall be in lieu of all other taxes thereon, except wheelage taxes imposed by political subdivisions solely for highway purposes. The legislature may impose this tax on motor vehicles of companies paying taxes under the gross earnings system of taxation notwithstanding that earnings from the vehicles may be included in the earnings on which gross earnings taxes are computed. The proceeds of the tax shall be paid into the highway user tax distribution fund. The law may exempt from taxation any motor vehicle owned by a nonresident of the state properly licensed in another state and transiently or temporarily using the streets and highways of the state.

Sec. 10. The legislature may levy an excise tax on any means or substance used for propelling vehicles on the public highways of this state or on the business of selling it. The proceeds of the tax, up to and including the unit tax rate thereon in effect on August 1, 1975 shall be paid into the highway user tax distribution fund. Any unit tax rate levied in excess of the unit tax rate in effect on August 1, 1975, shall be paid into the general fund in the state treasury.

Sec. 11. The legislature may provide by law for the sale of bonds to carry out the provisions of section 2. ~~Bonds issued and unpaid shall not at any time exceed \$150,000,000 par value.~~ The proceeds shall be paid into the trunk highway fund. ~~Any bonds shall mature serially over a term not exceeding 20 years; shall not be sold for less than par and accrued interest and shall not bear interest at a greater rate than five percent per annum.~~ If the trunk highway fund is not adequate to pay principal and interest of these bonds when due, the legislature may levy on all taxable property of the state in an amount sufficient to meet the deficiency or it may appropriate to the fund money in the state treasury not otherwise appropriated.

Sec. 26. The proposed amendment shall be submitted to the people at the 1976 general election. The question proposed shall read:

Changes or additions indicated by underline deletions by ~~strikeout~~

"Shall Article XIV of the Constitution of the State of Minnesota be amended to permit proceeds resulting from any increases in motor fuel taxes to be used for general purposes and to remove certain restrictions on highway bonds?"

Yes.....  
No....."

Sec. 27. Laws 1974, Chapter 534, Section 5, Subdivision 4, is repealed.

Sec. 28. EFFECTIVE DATE. Sections 1, 2, 3, and 8 of this act are effective June 1, 1975. Sections 9 to 14, 16, 17, and 22 to 24 are effective July 1, 1975. Sections 15 and 18 to 21 are effective on the day following final enactment. Sections 4 to 7 are effective for taxes levied in 1975 and subsequent years.

Approved May 30, 1975.

#### CHAPTER 204—H.F.No.1759

[Coded in Part]

*An act relating to the organization and operation of state government; appropriating and reappropriating money therefor and limiting the use thereof; providing for the transfer of certain moneys in the state treasury; authorizing land acquisition in certain cases; authorizing the disposal of certain property; authorizing fixing and limiting the amount of fees to be collected in certain cases; requiring certain reports to be prepared; authorizing certain grants-in-aid; providing penalties for misusing appropriated moneys; amending Minnesota Statutes 1974, Sections 3.102; 3.97, Subdivision 5; 3.971 and by adding a subdivision; 4.11, Subdivision 5; 5.08, Subdivision 2; 12.21, Subdivision 3; Chapter 16 by adding a section; 16.012; 16.757; 16A by adding a section; 17B.15 and by adding a subdivision; 27.07; 29.021; 30.20; 116C.05; 116D.04, Subdivision 3; 138.025, Subdivision 1 and by adding a subdivision; 144.61; 149.04; 176.611, Subdivision 6a; 181A.07, Subdivision 1; 201.021; 238.04, Subdivision 1; Chapter 299D by adding a section; 299D.03 by adding a subdivision; 308.905; 326.44; 326.64; 347.33, Subdivision 3; 484.54; Laws 1965, Chapter 415, Section 1, Subdivisions 2 and 3; repealing Minnesota Statutes 1974, Sections 33.17; 88.063, Subdivision 2; 201.34; and 246.32.*

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

**Section 1. STATE GOVERNMENT; APPROPRIATIONS.** Except as herein otherwise specifically provided, the sums hereinafter set forth in the columns designated "APPROPRIATIONS", or so much thereof as may be necessary, are hereby appropriated out of the general fund in the state treasury, or any other fund herein designated, for the purposes specified in the following sections of this act, to be available for the fiscal years indicated for each purpose. The figures "1975", "1976",

Changes or additions indicated by underline deletions by ~~strikeout~~