

The terms of all commission members except the chairman serving prior to the effective date of this act on the metropolitan parks and open space commission, organized under section 473.303, shall expire on the effective date of this act; except that the commission members shall continue to serve at large until the metropolitan council appointed pursuant to this section appoints eight commission members as provided under section 473.303, subdivision 2, to serve terms as provided under section 12.

Sec. 15. **REPEALER.**

Minnesota Statutes 1982, section 473.123, subdivision 2, is repealed.

Sec. 16. **EFFECTIVE DATE.**

Sections 1 to 15 are effective on the day following final enactment in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Approved April 6, 1983

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**CHAPTER 17 — H.F.No. 371**

*An act relating to transportation; making scheduled increases in taxes on gasoline and special fuel; delaying the effective date of changes in the disposition of the revenue from the motor vehicle excise tax; providing for the improvement of certain trunk highways; authorizing the issuance of trunk highway bonds; eliminating the authority of the metropolitan transit commission to levy a certain tax; creating a town road account in the county state-aid highway fund; providing for the apportionment of five percent of the net highway user tax distribution fund; repealing a limitation on interest rates for trunk highway bonds; creating a study commission; appropriating money; providing a penalty; amending Minnesota Statutes 1982, sections 161.081; 161.082, subdivision 2a; 167.50, subdivision 2; 296.01, subdivision 24; 296.02; 296.14, subdivisions 2 and 4; 296.18, by adding a subdivision; 297B.09; and 473.446, subdivision 1; proposing new law coded in Minnesota Statutes, chapters 162 and 169.*

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

Section 1. Minnesota Statutes 1982, section 161.081, is amended to read:

**161.081 HIGHWAY USER TAX, DISTRIBUTION OF PORTION OF PROCEEDS.**

Pursuant to article 14, section 5, of the constitution, five percent of the net highway user tax distribution fund is set aside, and apportioned as follows:

- (1) 60 ~~51~~ percent to the trunk highway fund;

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(2) ~~34~~ 41 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~~ 8 percent to a separate account in the municipal state-aid street fund to be known as the municipal turnback account, which account in the state treasury is hereby created.

Sec. 2. Minnesota Statutes 1982, section 161.082, subdivision 2a, is amended to read:

Subd. 2a. An amount equal to ~~32~~ 20 percent of the county turnback account ~~shall~~ must be expended, within counties having two or more towns, on town road bridge structures that are 10 feet or more in length and on town road culverts that replace existing town road bridges. The expenditures on such bridge structures and culverts may be on a matching basis, and if on a matching basis, not more than 90 percent of the cost of any such a bridge structure ~~shall~~ or culvert ~~may~~ be paid from the county turnback account.

An amount equal to 37 percent of the county turnback account must be set aside as a town road account and distributed as provided in section 3.

### Sec. 3. [162.081] TOWN ROAD ACCOUNT.

Subdivision 1. ACCOUNT CREATED. A town road account is created in the county state-aid highway fund, consisting of 37 percent of the county turnback account as provided in section 161.082.

Subd. 2. FORMULA. Funds in the town road account must be apportioned to each county so that each county receives the percentage that the total miles of town road in the county bears to the total miles of town roads in the state.

Subd. 3. APPORTIONMENT. When the commissioner determines the amount of money to be apportioned to each county under section 162.07, he shall also determine the amounts in the town road account to be apportioned under subdivision 2. The apportionment under subdivision 2 must be included in the statement sent to the commissioner of finance and the county auditor and county engineer of each county under section 162.08, subdivision 2. The amounts so apportioned and allocated to each county from the town road account must be paid by the state to the treasurer of each county at the same time that payments are made under section 162.08, subdivision 2.

Subd. 4. PURPOSES. Money apportioned to a county from the town road account must be distributed to the treasurer of each town within the county, according to a distribution formula adopted by the county board. The formula must take into account each town's levy for road and bridge purposes, its population and town road mileage, and other factors as the county board deems advisable in the interests of achieving equity among the towns. Distribution of

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town road funds to the treasurer of the towns must be made within 30 days of the receipt of the funds by the county treasurer. Distribution of funds to town treasurers in a county which has not adopted a distribution formula under this subdivision must be made according to a formula prescribed by the commissioner by rule. A formula adopted by a county board or by the commissioner must provide that a town, in order to be eligible for distribution of funds from the town road account in a calendar year, must have levied in the previous year for road and bridge purposes at least two mills on the dollar of the assessed value of the town.

Money distributed to a town under this subdivision may be expended by the town only for the construction and reconstruction of town roads within the town.

Sec. 4. Minnesota Statutes 1982, section 167.50, subdivision 2, is amended to read:

Subd. 2. The bonds shall be issued and sold upon sealed bids after two weeks' published notice. They shall mature serially over a term not exceeding 20 years from their respective dates of issue, and 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. Subject to the foregoing limitations, and subject to any other limitations stated in the acts authorizing the bonds and appropriating the proceeds thereof, but not subject to the provisions of sections 14.02, 14.04 to 14.36, 14.38, 14.44 to 14.45, and 14.57 to 14.62, the bonds shall be issued and sold in the number of series, at times, in the form and denominations, bearing interest at the rate or rates, maturing on dates, either without option of prior redemption or subject to prepayment upon notice and at the times and prices, payable at the bank or banks, within or without the state, with provisions for registration, conversion, and exchange and for the issuance of notes in anticipation of the sale and delivery of definitive bonds, and in accordance with such further regulations, as the commissioner of finance may determine. The bonds shall be executed by the commissioner of finance and attested by the state treasurer under their official seals. The signature of one of these officers on the face of any bond, and their seals, and the signatures of both officers on the interest coupons appurtenant to any bond, may be printed, lithographed, stamped, or engraved thereon.

Sec. 5. **[169.833] ADDITION OF TRUNK HIGHWAYS TO DESIGNATED ROUTE SYSTEM.**

Subdivision 1. IDENTIFICATION OF PROJECTS. The commissioner shall develop a priority list of trunk highway routes to be added to the system of routes designated under section 169.832. The commissioner shall consult with representatives of the trucking, shipping, and agricultural industries and local authorities in developing the list. A route shall be added to the designated route system after completion of road improvements that provide road strength ade-

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quate to carry the permissible weights under section 169.825 or when the commissioner otherwise determines that designation of a route is reasonable.

**Subd. 2. FUNDING OF ADDITIONS TO THE SYSTEM.** On July 1 of each year the commissioner of finance shall certify to the commissioner the estimated increase in revenue to the trunk highway fund resulting from the increase in the gasoline and special fuel excise tax under section 7. The commissioner shall expend 15 percent of the increase in revenue to the trunk highway fund resulting from the increase in the gasoline and special fuel excise tax under section 7 and 15 percent of future increases in gasoline and special fuel excise tax revenues to the trunk highway fund for the purposes of subdivision 1. In the event that actual expenditures during any fiscal year are less or greater than 15 percent when compared to actual revenue the commissioner shall adjust his expenditures for the purpose of subdivision 1 for the following years in order to achieve compliance with this subdivision.

Sec. 6. Minnesota Statutes 1982, section 296.01, subdivision 24, is amended to read:

**Subd. 24. AGRICULTURAL ALCOHOL GASOLINE.** "Agricultural alcohol gasoline" means a gasoline blend at least ten percent of which is ~~agricultural~~ agriculturally derived fermentation ethyl alcohol of at least 190 proof a purity of at least 99 percent, determined without regard to any added denaturants, denatured in conformity with one of the approved methods set forth by the United States Department of Treasury, Bureau of Alcohol, Tobacco and Firearms, and derived from agricultural or forest products or other renewable resources, distilled in the United States and derived from agricultural products produced in the United States.

Sec. 7. Minnesota Statutes 1982, section 296.02, is amended to read:

**296.02 GASOLINE, EXCISE TAX.**

**Subdivision 1. TAX IMPOSED FOR MOTOR VEHICLE USE.** There is hereby imposed an excise tax of 13 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 is payable at the times, in the manner, and by persons specified in this chapter. The tax is payable at the rate specified in subdivision 1b.

(a) Notwithstanding any other provision of law to the contrary, the tax imposed on special fuel sold by a qualified service station shall ~~may~~ not exceed, or the tax on gasoline delivered to a qualified service station shall ~~must~~ be reduced to, a rate not more than 3 ~~three~~ cents per gallon above the state tax rate imposed on such products sold by a service station in a contiguous state located within the distance indicated in clause (b).

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(b) A "qualifying service station" means a service station located within 7.5 miles, measured by the shortest route by public road, from a service station selling like product in the contiguous state.

(c) A qualified service station shall be allowed a credit by the supplier or distributor, or both, for the amount of reduction computed in accordance with clause (a).

A qualified service station, before receiving the credit, shall be registered with the commissioner of revenue.

Subd. 1a. **EXCEPTION.** The provisions of subdivision 1 do not apply to gasoline purchased by a transit system owned by one or more statutory or home rule charter cities or towns.

Subd. 1b. **RATES IMPOSED.** The gasoline excise tax is imposed at the following rates:

(a) For the period beginning on the first day of the month following the month of final enactment of this act, or on the first day of the second month following the month of final enactment of this act if the date of final enactment of this act is within 15 days of the end of the month, and ending December 31, 1983, gasoline is taxed at the rate of 16 cents per gallon.

(b) For the period on and after January 1, 1984, gasoline is taxed at the rate of 17 cents per gallon.

Subd. 2. **GASOLINE TAX IMPOSED FOR AVIATION USE.** Subject to the provisions of section 296.18, subdivision 4, there is hereby imposed an excise tax, at the same rate per gallon as the gasoline excise tax, on all aviation gasoline received, sold, stored, or withdrawn from storage in this state. This tax shall be is payable at the times, in the manner, and by persons specified in sections 296.01 to 296.27.

Subd. 3. **EXCEPTION.** The provisions of subdivision 2 do not apply to aviation gasoline purchased and placed in the fuel tanks of an aircraft outside this state, even though ~~such~~ the gasoline may be consumed within this state.

Subd. 4. **TAX NOT ON CONSUMPTION.** The tax imposed by subdivision 2 is expressly declared not to be a tax upon consumption of aviation gasoline by an aircraft.

Subd. 6. **TAX IMPOSED FOR MARINE USE.** Subject to the provisions of section 296.18, subdivision 1, there is hereby imposed an excise tax, at the same rate per gallon as the gasoline excise tax, on all marine gasoline received, sold, stored, or withdrawn from storage in this state. This tax shall be is payable at the times, in the manner, and by persons specified in sections 296.01 to 296.27.

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**Subd. 7. TAX REDUCTION FOR AGRICULTURAL ALCOHOL GASOLINE.** The tax on gasoline imposed by subdivision 1 shall be reduced by four cents per gallon for gasoline which is agricultural alcohol gasoline as defined in section 296.01, subdivision 24, which is blended by a distributor with alcohol distilled in this state from agricultural products produced in this state, and which is used in producing and generating power for propelling motor vehicles used on the public highways of this state. The tax imposed by this subdivision shall be payable at the same time, and collected in the same manner, as the tax imposed by subdivision 1. The reduction in gasoline taxes imposed by this subdivision shall expire on December 31, 1984. The tax on gasoline imposed by subdivision 1 shall be reduced by two cents per gallon beginning July 1, 1983, and continuing through June 30, 1985, and four cents per gallon beginning July 1, 1985, and continuing through June 30, 1992, for gasoline which is agricultural alcohol gasoline as defined in section 296.01, subdivision 24, which is blended by a distributor with alcohol distilled in the United States from agricultural products produced in the United States, and which is used on the public highways of this state. The tax imposed by this subdivision shall be payable at the same time, and collected in the same manner, as the tax imposed by subdivision 1.

**Subd. 8. TAX REDUCTION FOR AGRICULTURAL ALCOHOL GASOLINE SOLD IN BULK TO GOVERNMENT OR FOR SCHOOL TRANSPORTATION.** The tax on gasoline imposed by subdivision 1 shall be reduced by eight cents per gallon beginning January 1, 1984, and continuing through June 30, 1992, for gasoline which is agricultural alcohol gasoline as defined in section 296.01, subdivision 24, meets the criteria established in subdivision 7, and is sold in bulk to the state, local units of government, or for use in the transportation of pupils to and from school or school-related events in school buses. This reduction is in lieu of the reductions provided in subdivision 7.

Sec. 8. Minnesota Statutes 1982, section 296.14, subdivision 2, is amended to read:

**Subd. 2. CREDIT OR REFUND OF TAX PAID.** The commissioner shall allow the distributor credit or refund of the tax paid on gasoline and special fuel:

- (1) Exported or sold for export from the state, other than in the supply tank of a motor vehicle or of an aircraft;
- (2) Sold to the United States government or to any "cost plus a fixed fee" contractor employed by the United States government on any national defense project;
- (3) Sold to another licensed distributor;
- (4) Destroyed by accident while in the possession of the distributor;

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(5) In error;

(6) Sold for storage in an on-farm bulk storage tank, if the tax was not collected on the sale;

(7) In such other cases as the commissioner may permit, not inconsistent with the provisions of this chapter and other laws relating to the gasoline and special fuel excise taxes.

Sec. 9. Minnesota Statutes 1982, section 296.18, is amended by adding a subdivision to read:

**Subd. 3a. PENALTY FOR ILLEGAL USE OF TAX-EXEMPT GASOLINE.** A person who uses gasoline, delivered into an on-farm bulk storage tank and on which no tax has been collected, for propelling a motor vehicle on the public highways of this state is guilty of a misdemeanor.

Sec. 10. Minnesota Statutes 1982, section 296.14, subdivision 4, is amended to read:

**Subd. 4. PAYMENT AND TRANSFER OF TAX ON GASOLINE SOLD FOR STORAGE IN ON-FARM BULK STORAGE AND ETHYL ALCOHOL FOR PERSONAL USE.** Notwithstanding the provisions of this section, the producer of ethyl alcohol which is produced for personal use and not for sale in the usual course of business and a farmer who uses gasoline on which a tax has not been paid shall report and pay the tax on all ethyl alcohol or gasoline delivered into the supply tank of a licensed motor vehicle during the preceding calendar year. The tax shall be reported and paid together with the income tax return of the taxpayer. The commissioner of revenue shall transfer the amount collected in each calendar year to the highway user tax distribution fund by March 30 of the following taxable year. Any producer, qualifying under this subdivision, shall be exempt from the licensing requirements contained in section 296.01, subdivision 1.

Sec. 11. Minnesota Statutes 1982, section 297B.09, is amended to read:

**297B.09 ALLOCATION OF REVENUE.**

Subdivision 1. **GENERAL FUND SHARE.** ~~All moneys~~ Money collected and received under this chapter shall must be deposited in the state treasury and credited as follows:

(a) All of the proceeds collected before ~~June 30, 1983~~ July 1, 1985, shall must be credited to the general fund<sub>2</sub>;

(b) Three-fourths of the proceeds collected after June 30, ~~1983~~ 1985, and before July 1, ~~1985~~ 1987, shall must be credited to the general fund<sub>2</sub>;

(c) One-half of the proceeds collected after June 30, ~~1985~~ 1987, and before July 1, ~~1987~~ 1989, shall must be credited to the general fund<sub>2</sub>;

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(d) One-fourth of the proceeds collected after June 30, ~~1987~~ 1989, and before July 1, ~~1989~~ 1991, ~~shall~~ must be credited to the general fund<sub>;</sub>

(e) After June 30, ~~1989~~ 1991, none of the proceeds collected ~~shall~~ may be credited to the general fund.

**Subd. 2. HIGHWAY USER TAX DISTRIBUTION FUND AND TRANSIT ASSISTANCE FUND SHARE.** The proceeds collected under this chapter and not credited to the general fund ~~shall~~ must be deposited in the highway user tax distribution fund and the transit assistance fund for apportionment in the following manner:

(a) None of the proceeds collected before ~~June 30, 1983~~ July 1, 1985, ~~shall~~ may be credited to either fund.

(b) 18.75 percent of the proceeds collected after June 30, ~~1983~~ 1985, and before July 1, ~~1985~~ 1987, ~~shall~~ must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 6.25 percent of the proceeds ~~shall~~ must be credited to the transit assistance fund account to be appropriated to the commissioner of transportation for transit assistance within the state.

(c) 37.5 percent of the proceeds collected after June 30, ~~1985~~ 1987, and before July 1, ~~1987~~ 1989, ~~shall~~ must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 12.5 percent of the proceeds ~~shall~~ must be credited to the transit assistance fund account to be appropriated to the commissioner of transportation for transit assistance within the state.

(d) 56.25 percent of the proceeds collected after June 30, ~~1987~~ 1989, and before July 1, ~~1989~~ 1991, ~~shall~~ must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 18.75 percent of the proceeds ~~shall~~ must be credited to the transit assistance fund account to be appropriated to the commissioner of transportation for transit assistance within the state.

(e) 75 percent of the proceeds collected after June 30, ~~1989~~ 1991, ~~shall~~ must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 25 percent of the proceeds ~~shall~~ must be credited to the transit assistance fund account to be appropriated to the commissioner of transportation for transit assistance within the state.

## Sec. 12. TRUNK HIGHWAY BONDS.

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The commissioner of finance is authorized and directed, on request of the commissioner of transportation, to issue and sell Minnesota trunk highway bonds under the provisions of Minnesota Statutes, sections 167.50 to 167.52 and of the Minnesota Constitution, article XI, sections 4 to 6, and article XIV, section 11, at the time and in the amounts requested by the commissioner of transportation. Bonds issued under this section are authorized in an aggregate principal amount of \$56,000,000.

Sec. 13. Minnesota Statutes 1982, section 473.446, subdivision 1, is amended to read:

Subdivision 1. **TAXATION WITHIN TRANSIT TAXING DISTRICT.** For the purposes of sections 473.401 to 473.451 and the metropolitan transit system, except as otherwise provided in this subdivision the metropolitan transit commission shall levy each year upon all taxable property within the metropolitan transit taxing district, defined in subdivision 2, a transit tax consisting of:

(a) An amount equal to two mills times the assessed value of all such property, the proceeds of which shall be used for payment of the expenses of operating transit and paratransit service;

(b) An 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 outstanding on July 1, 1977, to which property taxes under this section have been pledged; and

(c) An additional amount necessary to provide full and timely payment of certificates of indebtedness, bonds, or other obligations issued pursuant to section 473.436 for purposes of acquisition and betterment of property and other improvements of a capital nature and to which the commission has specifically pledged tax levies under this clause.

~~In any statutory or home rule charter city or town in the metropolitan transit taxing district which is receiving financial assistance under section 174.265, the commission shall levy a tax equal to ten percent of the sum of levies provided for in clauses (a) to (c), plus a levy sufficient to yield the amounts of available local transit funds transferred pursuant to section 174.265 from the state assistance available to the commission, less any amount paid to the commission by the city or town under a contract for service entered into pursuant to subdivision 2.~~

Sec. 14. **HIGHWAY STUDY COMMISSION.**

Subdivision 1. MEMBERSHIP. A highway study commission is created to consist of five members of the house of representatives appointed by the speaker of the house, five members of the senate appointed by the senate committee on committees, and eight members appointed by the governor. Of the members appointed by the governor two must be county commissioners, two

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must be township supervisors, two must be mayors of cities over 5,000 population, two must be mayors of cities under 5,000 population and not more than one member may reside in any one congressional district. The commission shall select from its membership a chairman and other officers it deems necessary.

**Subd. 2. DUTIES OF COMMISSION.** The commission shall study:

(1) A functional classification of all roads in the state of Minnesota, using criteria established by the United States Department of Transportation and such other criteria as are deemed necessary by the commission. In classifying roads the commission shall make use of work already done by regional development commission and the metropolitan council.

(2) The existing jurisdiction of all roads in the state and their appropriate jurisdiction based on functional classification.

(3) The attitudes of local units of government toward changes in highway jurisdiction.

(4) Potential obstacles to transfers of highway jurisdiction, including transfers of support facilities and maintenance personnel.

(5) Changes in the constitutional distribution of highway user funds which may be required as a part of any transfer of jurisdiction.

(6) Existing and potential government structures to accomplish jurisdictional transfers on a continuing basis.

(7) Timetables for implementing any jurisdictional transfers.

**Subd. 3. REPORT.** The commission shall not later than January 15, 1985, submit a report to the legislature and the governor on the issues assigned to it for study, and shall cease to function after that date.

**Subd. 4. STAFF.** The commission shall utilize existing legislative staff and facilities. The department of transportation shall also provide staff and technical assistance to the commission.

**Subd. 5. EXPENSES.** The compensation of nonlegislator members, their removal from office, and the filling of vacancies is as provided in section 15.059, subdivisions 3 and 4. Members who are legislators shall be compensated in the same manner as other legislative meetings.

**Subd. 6. APPROPRIATION.** There is appropriated from the general fund the sum of \$7,000 or so much thereof as is necessary to the legislative coordinating commission to pay compensation of nonlegislator members of the commission. This appropriation is available until January 15, 1985.

**Sec. 15. EFFECTIVE DATE.**

**Changes or additions are indicated by underline, deletions by ~~strikeout~~.**

Sections 4, 12, and 13 are effective the day following final enactment. Sections 6 and 7 are effective on the first day of the month following the month of final enactment or on the first day of the second month following the month of final enactment if the date of final enactment is within 15 days of the end of the month, and applies to all gasoline in distributor storage on that effective date, except that the tax rate which becomes effective on January 1, 1984, applies to all gasoline in distributor storage on that date. Sections 5 and 11 are effective July 1, 1983. Sections 1 to 3 are effective on the effective date provided for sections 6 and 7 for apportionments made after that date.

Approved April 6, 1983

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### CHAPTER 18 — H.F.No. 56

*An act relating to local government; providing for orderly annexations in accordance with the terms of the resolutions of local government units; amending Minnesota Statutes 1982, section 414.0325, subdivision 1.*

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

Section 1. Minnesota Statutes 1982, section 414.0325, subdivision 1, is amended to read:

Subdivision 1. **INITIATING THE PROCEEDING.** One or more townships and one or more municipalities, by joint resolution, may designate an unincorporated area as in need of orderly annexation and may confer jurisdiction on the board over annexations in the designated area and over the various provisions in said agreement by submission of said joint resolution to the executive director. The resolution shall include a description of the designated area. Thereafter, an annexation of any part of the designated area may be initiated by submitting to the executive director a resolution of any signatory to the joint resolution or by the board of its own motion. Whenever the pollution control agency or other state agency pursuant to sections 115.03, 115.071, 115.49, or any law giving a state agency similar powers, orders a municipality to extend a municipal service to a designated unincorporated area, such an order will confer jurisdiction on the Minnesota municipal board to consider designation of the area for orderly annexation.

If a joint resolution designates an area as in need of orderly annexation and states that no alteration of its stated boundaries is appropriate, the board may review and comment, but may not alter the boundaries.

If a joint resolution designates an area as in need of orderly annexation, provides for the conditions for its annexation, and states that no consideration by

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