SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH LEGISLATURE

S.F. No. 927

(SENATE AUTHORS: CHAMPION, Dibble, Wiger and Eaton)

DATE	D-PG	OFFICIAL STATUS
02/28/2013	457	Introduction and first reading Referred to Transportation and Public Safety
04/04/2013	1678	Author stricken Pederson, J.

A bill for an act

relating to transportation; transit finance; reallocating revenues from motor vehicle lease sales tax; imposing metropolitan area sales tax for transit, bicycle, and pedestrian improvements; providing for use of sales tax revenues; authorizing issuance of state bonds; appropriating money; amending Minnesota Statutes 2012, sections 297A.815, subdivision 3; 297A.992, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 297A.

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

Section 1. Minnesota Statutes 2012, section 297A.815, subdivision 3, is amended to read:

Subd. 3. **Motor vehicle lease sales tax revenue.** ~~(a) For purposes of this subdivision, "net revenue" means an amount equal to:~~

~~(1) the revenues, including interest and penalties, collected under this section, during the fiscal year; less~~

~~(2) in fiscal year 2011, $30,100,000; in fiscal year 2012, $31,100,000; and in fiscal year 2013 and following fiscal years, $32,000,000~~.

~~(b) On or before June 30 of each fiscal year, the commissioner of revenue shall estimate the amount of the revenues and subtraction under paragraph (a) for the current fiscal year.~~

~~(c)~~ On or after July 1 of ~~the subsequent fiscal~~ each year, the commissioner of management and budget shall transfer the ~~net revenue as estimated in paragraph (b) from the general fund~~ revenues, including interest and penalties, collected under this section during the previous fiscal year, as follows:

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

~~(2) 50 percent~~ (1) $9,000,000 to the county state-aid highway fund. Notwithstanding any other law to the contrary, the commissioner of transportation shall allocate the funds transferred under this clause to the counties in the metropolitan area, as defined in section 473.121, subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county shall receive of such amount the percentage that its population, as defined in section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the current calendar year, bears to the total population of the counties receiving funds under this clause; and

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

~~(d) For fiscal years 2010 and 2011, the amount under paragraph (a), clause (1), must be calculated using the following percentages of the total revenues:~~

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

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

Sec. 2. **[297A.985] METROPOLITAN AREA TRANSIT SALES AND USE TAX.**

Subdivision 1. **Authorization and imposition.** (a) Notwithstanding any law to the contrary, the taxes described in this subdivision are imposed:

(1) a transit sales and use tax at a rate of three-quarters of one percent is imposed on retail sales and uses taxable under this chapter that occur within the metropolitan area; and

(2) an excise tax of $20 is imposed on each motor vehicle, as defined in section 297B.01, subdivision 11, purchased or acquired from any person engaged in the business of selling motor vehicles at retail, occurring within the metropolitan area.

(b) The taxes authorized in this section and the manner in which they are imposed are exempt from section 297A.99, subdivisions 1, 2, 3, and 12. Provisions of section 297A.99 that relate to imposition, administration, collection, and enforcement apply to the taxes authorized in this section.

(c) The taxes authorized in this section shall not be used in determining a tax if doing so will result in the total tax on lodging in the city of Minneapolis exceeding the maximum allowed tax under Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article 12, section 87, and Laws 2012, chapter 299, article 3, section 3, or in determining a tax that may be imposed under any other limitation.

(d) For the purposes of this section, "metropolitan area" means the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Subd. 2. **Allocation of revenues.** After deductions allowed in section 297A.99, subdivision 11, the commissioner of revenue shall remit the proceeds of the tax imposed under this section on a monthly basis, as provided in this subdivision:

(1) 41.5 percent to the Metropolitan Council for bus transit in the metropolitan area, including suburban transit providers;

(2) 41.5 percent to the Counties Transit Improvement Board;

(3) seven percent to cities in the metropolitan area as provided in subdivision 5;

(4) seven percent to counties in the metropolitan area as provided in subdivision 5; and

(5) three percent to the Metropolitan Council for regional bicycle, trail, and pedestrian infrastructure and maintenance to be distributed as grants to park districts in the metropolitan area and to local units of government in the metropolitan area.

Subd. 3. **Use of revenues for transit by Metropolitan Council.** (a) Funds remitted to the council under subdivision 2, clause (1), must be used to expand and upgrade bus service and related amenities, to ensure that fares are affordable, and to support capital and operating needs of public transit, including paratransit, necessary to implement the council's transportation policy plan.

(b) Funds remitted to the council under subdivision 2, clause (1), must supplement, not supplant, operating and capital assistance to the Metropolitan Council provided by the state.

(c) Beginning in 2015, and in each subsequent year, the council shall by February 15 submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over transit policy and finance, that describes the uses of the funds under subdivision 2, clause (1), and explains how the funds supplemented and did not supplant state assistance to the council.

Subd. 4. **Uses of revenues by Counties Transit Improvement Board.** (a) From the funds remitted to the Counties Transit Improvement Board, an amount equal to 41.5 percent of the amount of sales tax revenue collected within each county that is not a member of the Counties Transit Improvement Board joint powers must be transferred to the county. The county must use this amount only for transit way planning, capital costs, and operating expenses.

(b) A county that receives revenue under paragraph (a) must report to the Counties Transit Improvement Board by February 15 concerning the amount received in the previous fiscal year and the use of the funds.

(c) After the transfers under paragraph (a), funds remitted to the Counties Transit Improvement Board must be allocated and used in all respects according to section 297A.992.

Subd. 5. **Allocation and use of revenues by cities and counties.** (a) The commissioner of revenue shall allocate and transfer the funds allocated:

(1) under subdivision 2, clause (3), to cities in the metropolitan area, so that each city shall receive of this amount the percentage that its population, as defined in section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the current calendar year, bears to the total population of cities in the metropolitan area; and

(2) under subdivision 2, clause (4), to counties in the metropolitan area, so that each county shall receive of this amount the percentage that its population, as defined in section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the current calendar year, bears to the total population of counties in the metropolitan area.

(b) Cities and counties must use funds received under this subdivision for any of the following purposes: to provide transit service; to improve safety, convenience, and access for people who use public transit, walk, bicycle, or use mobility assistance devices, through planning and engineering projects, facilities, and infrastructure; and to acquire equipment. Examples include but are not limited to sidewalks, pedestrian facilities, bicycle routes and facilities, safe routes to school, transit shuttles, and projects to enhance accessibility or otherwise comply with the Americans with Disabilities Act. The funds may not be used for ordinary administrative expenses incurred in carrying out the provisions of this section.

(c) Beginning in 2015, and in each subsequent year, each city and county receiving funds under this subdivision must report to the Metropolitan Council by February 15 concerning the amount received and the use of the funds.

Sec. 3. Minnesota Statutes 2012, section 297A.992, subdivision 4, is amended to read:

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

(b) The joint powers board may utilize for ordinary administrative expenses incurred in carrying out the provisions of this section no more than three-fourths of one percent of the proceeds of: (1) the taxes imposed under this section ~~for ordinary administrative expenses incurred in carrying out the provisions of this section~~; and (2) that portion of the taxes imposed under section 297A.985 that are received by the Counties Transit Improvement Board. Any additional administrative expenses must be paid by the participating counties.

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

Sec. 4. **APPROPRIATION FOR GREATER MINNESOTA TRANSIT.**

$8,000,000 is appropriated from the bond proceeds fund to the commissioner of transportation for capital assistance for publicly owned greater Minnesota transit systems to be used to design, construct, and equip transit capital facilities under Minnesota Statutes, section 174.24, subdivision 3c.

Sec. 5. **APPROPRIATION FOR TRANSIT CORRIDORS.**

$95,000,000 is appropriated from the bond proceeds fund to the Metropolitan Council to perform environmental studies, preliminary engineering, property acquisition, design, and construction of facilities and infrastructure to facilitate all modes of travel for the following transit way corridors: Bottineau Boulevard, Riverview, Gateway, Nicollet Avenue, Snelling Avenue, Southwest Light Rail, Red Rock, Robert Street, and Rush Line.

Sec. 6. **BOND SALE AUTHORIZATION.**

To provide the money appropriated in sections 4 and 5 from the bond proceeds fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to $103,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 7. **EFFECTIVE DATE.**

Sections 1 to 3 are effective January 1, 2014, and apply to sales and purchases on and after that date in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. Sections 4 to 6 are effective the day following final enactment.