

SENATE
STATE OF MINNESOTA
SPECIAL SESSION

S.F. No. 10

(SENATE AUTHORS: DIBBLE, Kent, Franzen, Jensen and Reinert)

DATE	D-PG	OFFICIAL STATUS
06/12/2015	11	Introduction and first reading Referred to Rules and Administration

1.1

A bill for an act

1.2

relating to transportation finance; providing supplemental funding for

1.3

transportation activities; modifying and adding tax provisions to support

1.4

transportation activities; establishing accounts; amending and adding various

1.5

provisions governing transportation policy and finance; requiring reports;

1.6

proposing an amendment to the Minnesota Constitution; authorizing the sale and

1.7

issuance of state bonds; appropriating money; amending Minnesota Statutes

1.8

2014, sections 97A.055, subdivision 2; 115A.908; 161.081, subdivision 1;

1.9

161.082, subdivision 1, by adding a subdivision; 161.083; 161.088, subdivision

1.10

5; 161.20, by adding a subdivision; 168.013, subdivision 1a; 168.33, subdivisions

1.11

2, 7, as amended; 174.42, by adding a subdivision; 174.50, by adding a

1.12

subdivision; 296A.07, subdivision 3; 296A.08, subdivision 2; 297A.815,

1.13

subdivision 3; 297A.94; 297A.992, subdivisions 1, 4, 5, 6; 297B.09, subdivision

1.14

1; Laws 2014, chapter 312, article 11, section 33; Laws 2015, chapter 75, article

1.15

1, section 3, subdivision 6; proposing coding for new law in Minnesota Statutes,

1.16

chapters 174; 219; 297A; repealing Minnesota Statutes 2014, sections 161.081,

1.17

subdivision 3; 473.4051, subdivision 2.

1.18

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

1.19

ARTICLE 1

1.20

TRANSPORTATION APPROPRIATIONS

1.21

Section 1. SUMMARY OF APPROPRIATIONS.

1.22

The amounts shown in this section summarize direct appropriations, by fund, made

1.23

in this article, and do not have legal effect.

		<u>2016</u>		<u>2017</u>		<u>Total</u>
1.24						
1.25	<u>General</u>	\$	<u>17,000,000</u>	\$	<u>17,000,000</u>	\$ <u>34,000,000</u>
1.26	<u>Trunk Highway</u>		<u>289,935,000</u>		<u>367,682,000</u>	<u>657,617,000</u>
1.27	<u>C.S.A.H.</u>		<u>135,616,000</u>		<u>171,981,000</u>	<u>307,597,000</u>
1.28	<u>M.S.A.S.</u>		<u>52,794,000</u>		<u>66,951,000</u>	<u>119,745,000</u>
1.29	<u>Special Revenue</u>		<u>57,000,000</u>		<u>57,000,000</u>	<u>114,000,000</u>
1.30	<u>Total</u>	\$	<u>552,345,000</u>	\$	<u>680,614,000</u>	\$ <u>1,232,959,000</u>

2.1 Sec. 2. **TRANSPORTATION APPROPRIATIONS.**

2.2 (a) The sums shown in the columns marked "Appropriations" are appropriated to
2.3 the agencies and for the purposes specified in this article. The appropriations are from
2.4 the trunk highway fund, or another named fund, and are available for the fiscal years
2.5 indicated for each purpose. Amounts for "Total Appropriation" and sums shown in the
2.6 corresponding columns marked "Appropriations by Fund" are summary only and do
2.7 not have legal effect. The figures "2016" and "2017" used in this article mean that the
2.8 appropriations listed under them are available for the fiscal year ending June 30, 2016, or
2.9 June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal
2.10 year 2017. "The biennium" is fiscal years 2016 and 2017.

2.11 (b) The appropriations, including base appropriations for fiscal years 2018 and 2019,
2.12 are in addition to appropriations under Laws 2015, chapter 75, article 1.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2016</u>	<u>2017</u>

2.17 Sec. 3. **DEPARTMENT OF**
2.18 **TRANSPORTATION.**

2.19 Subdivision 1. Total Appropriation \$ 552,345,000 \$ 680,614,000

<u>Appropriations by Fund</u>		
	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>17,000,000</u>	<u>17,000,000</u>
<u>Trunk Highway</u>	<u>289,935,000</u>	<u>367,682,000</u>
<u>C.S.A.H.</u>	<u>135,616,000</u>	<u>171,981,000</u>
<u>M.S.A.S.</u>	<u>52,794,000</u>	<u>66,951,000</u>
<u>Special Revenue</u>	<u>57,000,000</u>	<u>57,000,000</u>

2.27 The amounts that may be spent for each
2.28 purpose are specified in the following
2.29 subdivisions.

2.30 Subd. 2. Multimodal Systems

2.31 (a) Transit 12,000,000 12,000,000

2.32 This appropriation is from the general fund.

2.33 (b) Safe Routes to School 5,000,000 5,000,000

3.1 This appropriation is from the general fund
 3.2 for the safe routes to school program under
 3.3 Minnesota Statutes, section 174.40.

3.4 Subd. 3. **State Roads**

3.5 (a) **Operations and Maintenance** 3,720,000 8,999,000

3.6 The base appropriation for operations and
 3.7 maintenance is \$7,775,000 in fiscal year
 3.8 2018 and \$1,970,000 in fiscal year 2019.

3.9 (b) **Program Planning and Delivery** 23,685,000 37,430,000

3.10 The base appropriation for program planning
 3.11 and delivery is \$40,680,000 in fiscal year
 3.12 2018 and \$36,990,000 in fiscal year 2019.

3.13 (c) **State Road Construction** 260,880,000 305,817,000

3.14 The commissioner shall transfer \$50,000,000
 3.15 in the first year and \$55,000,000 in the
 3.16 second year to the county turnback account
 3.17 under Minnesota Statutes, section 161.082.
 3.18 These are onetime transfers.

3.19 \$5,000,000 in the first year is for the
 3.20 construction of noise barriers on trunk
 3.21 highways.

3.22 The base appropriation for state road
 3.23 construction is \$291,118,000 in fiscal year
 3.24 2018 and \$318,695,000 in fiscal year 2019.

3.25 (d) **Highway Debt Service** 1,650,000 15,436,000

3.26 This appropriation is for transfer to the state
 3.27 bond fund.

3.28 Subd. 4. **Local Roads**

3.29 (a) **County State-Aids** 135,616,000 171,981,000

3.30 This appropriation is from the county
 3.31 state-aid highway fund under Minnesota

4.1	<u>Statutes, section 161.081, and chapter 162,</u>		
4.2	<u>and is available until spent.</u>		
4.3	<u>(b) Municipal State-Aids</u>	<u>52,794,000</u>	<u>66,951,000</u>
4.4	<u>This appropriation is from the municipal</u>		
4.5	<u>state-aid street fund under Minnesota</u>		
4.6	<u>Statutes, chapter 162, and is available until</u>		
4.7	<u>spent.</u>		
4.8	<u>(c) City Streets and Bridges</u>	<u>57,000,000</u>	<u>57,000,000</u>
4.9	<u>\$28,500,000 in each year is appropriated from</u>		
4.10	<u>the small city streets and bridges account in</u>		
4.11	<u>the special revenue fund under Minnesota</u>		
4.12	<u>Statutes, section 174.54, subdivision 1.</u>		
4.13	<u>\$28,500,000 in each year is appropriated from</u>		
4.14	<u>the larger city streets and bridges account in</u>		
4.15	<u>the special revenue fund under Minnesota</u>		
4.16	<u>Statutes, section 174.54, subdivision 2.</u>		

4.17 Sec. 4. Laws 2015, chapter 75, article 1, section 3, subdivision 6, is amended to read:

4.18 Subd. 6. **Transfers**

4.19 With the approval of the commissioner of

4.20 management and budget, the commissioner

4.21 of transportation may transfer unencumbered

4.22 balances among the appropriations from the

4.23 trunk highway fund and the state airports

4.24 fund made in this section. No transfer

4.25 may be made from the appropriations for

4.26 state road construction or for debt service.

4.27 Transfers under this rider may not be made

4.28 between funds. Transfers under this rider

4.29 must be reported immediately to the chairs

4.30 and ranking minority members of the

4.31 legislative committees with jurisdiction over

4.32 transportation finance.

~~The commissioner of transportation shall transfer from the flexible highway account in the county state-aid highway fund the entire amount in each year to the county turnback account in the county state-aid highway fund. The funds transferred are for highway turnback purposes under Minnesota Statutes, section 161.081, subdivision 3.~~

ARTICLE 2

TRUNK HIGHWAY BONDING

Section 1. **BOND APPROPRIATIONS.**

The sums shown in the column under "Appropriations" are appropriated from the bond proceeds account in the trunk highway fund to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, articles XI and XIV. Unless otherwise specified, money appropriated in this article for a capital program or project may be used to pay state agency staff costs that are attributed directly to the capital program or project in accordance with accounting policies adopted by the commissioner of management and budget.

SUMMARY

<u>Department of Transportation</u>	<u>\$</u>	<u>1,500,000,000</u>
<u>Department of Management and Budget</u>		<u>1,500,000</u>
<u>TOTAL</u>	<u>\$</u>	<u>1,501,500,000</u>

APPROPRIATIONS

Sec. 2. **DEPARTMENT OF TRANSPORTATION CORRIDORS OF COMMERCE**

\$ **800,000,000**

(a) The appropriation in this section is to the commissioner of transportation for the corridors of commerce program under Minnesota Statutes, section 161.088, and is available in the amount of \$80,000,000 in each fiscal year from 2016 to 2025. The commissioner may use up to 17 percent of the amount each year for program delivery.

6.1 (b) In any fiscal year covered by this
6.2 appropriation, the commissioner may
6.3 identify projects based on previous selection
6.4 processes or may perform a new selection.

6.5 (c) The appropriation in this section cancels
6.6 as specified under Minnesota Statutes, section
6.7 16A.642, except that the commissioner of
6.8 management and budget shall count the start
6.9 of authorization for issuance of state bonds
6.10 as the first day of the fiscal year during
6.11 which the bonds are available to be issued as
6.12 specified under paragraph (a), and not as the
6.13 date of enactment of this section.

6.14 **Sec. 3. TRANSPORTATION ECONOMIC**
6.15 **DEVELOPMENT PROGRAM**

\$ 200,000,000

6.16 (a) This appropriation is for the transportation
6.17 economic development program under
6.18 Minnesota Statutes, section 174.12, and is
6.19 available in the amount of \$20,000,000 in
6.20 each fiscal year from 2016 to 2025. The
6.21 commissioner may use up to 17 percent of
6.22 the amount each year for program delivery.

6.23 (b) The appropriation in this section cancels
6.24 as specified under Minnesota Statutes, section
6.25 16A.642, except that the commissioner of
6.26 management and budget shall count the start
6.27 of authorization for issuance of state bonds
6.28 as the first day of the fiscal year during
6.29 which the bonds are available to be issued as
6.30 specified under paragraph (a), and not as the
6.31 date of enactment of this section.

6.32 **Sec. 4. STATE ROAD CONSTRUCTION**

\$ 500,000,000

6.33 This appropriation is for the construction,
6.34 reconstruction, and improvement of trunk

7.1 highways, including design-build contracts.
 7.2 This includes the cost of actual payment to
 7.3 landowners for lands acquired for highway
 7.4 rights-of-way, payment to lessees, interest
 7.5 subsidies, and relocation expenses. This
 7.6 appropriation is available in the amount of
 7.7 \$50,000,000 in each fiscal year from 2016 to
 7.8 2025. The commissioner may use up to 17
 7.9 percent of the amount each year for program
 7.10 delivery.

7.11 Sec. 5. **BOND SALE EXPENSES** **\$** **1,500,000**

7.12 This appropriation is to the commissioner
 7.13 of management and budget for bond sale
 7.14 expenses under Minnesota Statutes, sections
 7.15 16A.641, subdivision 8; and 167.50,
 7.16 subdivision 4, and is available in the amount
 7.17 of \$150,000 in each fiscal year from 2016 to
 7.18 2025.

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

7.20 To provide the money appropriated in this article from the bond proceeds account in
 7.21 the trunk highway fund, the commissioner of management and budget shall sell and issue
 7.22 bonds of the state in an amount up to \$1,501,500,000 in the manner, upon the terms, and
 7.23 with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the
 7.24 Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested
 7.25 by the commissioner of transportation. The proceeds of the bonds, except accrued interest
 7.26 and any premium received from the sale of the bonds, must be deposited in the bond
 7.27 proceeds account in the trunk highway fund.

7.28 Sec. 7. **EFFECTIVE DATE.**

7.29 This article is effective July 1, 2015.

7.30 **ARTICLE 3**

7.31 **TAX ON PETROLEUM AND OTHER FUELS**

7.32 Section 1. Minnesota Statutes 2014, section 296A.07, subdivision 3, is amended to read:

Subd. 3. **Rate of tax.** The gasoline excise tax is imposed at the following rates:

(1) E85 is taxed at the rate of ~~17.75~~ 24.85 cents per gallon;

(2) M85 is taxed at the rate of ~~14.25~~ 19.95 cents per gallon; and

(3) all other gasoline is taxed at the rate of ~~25~~ 35 cents per gallon.

EFFECTIVE DATE. This section is effective October 1, 2015, and applies to all gasoline, undyed diesel fuel, and special fuel in distributor storage on or after that date.

Sec. 2. Minnesota Statutes 2014, section 296A.08, subdivision 2, is amended to read:

Subd. 2. **Rate of tax.** The special fuel excise tax is imposed at the following rates:

(a) Liquefied petroleum gas or propane is taxed at the rate of ~~18.75~~ 26.25 cents per gallon.

(b) Liquefied natural gas is taxed at the rate of ~~15~~ 21 cents per gallon.

(c) Compressed natural gas is taxed at the rate of ~~\$2.174~~ \$3.044 per thousand cubic feet; or ~~25~~ 35 cents per gasoline equivalent. For purposes of this paragraph, "gasoline equivalent," as defined by the National Conference on Weights and Measures, is 5.66 pounds of natural gas.

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

EFFECTIVE DATE. This section is effective October 1, 2015, and applies to all special fuel in distributor storage on or after that date.

ARTICLE 4

DEDICATION OF SALES TAX REVENUES

Section 1. **CONSTITUTIONAL AMENDMENT PROPOSED.**

An amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted, article XIV, section 5, will read:

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, and the revenue as specified in section 14 of this article. 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.

a section shall be added to article XIV, to read:

Sec. 14. Dedicated sales tax revenues. The revenues from sales taxes imposed by the state on motor vehicle repair and replacement parts must be deposited in the highway user tax distribution fund to be used solely for highway purposes.

Sec. 2. **SUBMISSION TO VOTERS.**

(a) The constitutional amendment proposed in section 1 must be presented to the people at the 2016 general election. The question submitted must be:

"Shall the Minnesota Constitution be amended so that any sales tax revenues generated by motor vehicle repair and replacement parts are dedicated solely for highway purposes? A "yes" answer will not raise your taxes.

Yes

No "

(b) The title required under Minnesota Statutes, section 204D.15, subdivision 1, of the question submitted to the people under paragraph (a) shall be "Motor Vehicle-Related Sales Taxes Dedicated for Highway Purposes."

Sec. 3. Minnesota Statutes 2014, section 97A.055, subdivision 2, is amended to read:

Subd. 2. **Receipts.** The commissioner of management and budget shall credit to the game and fish fund all money received under the game and fish laws and all income from state lands acquired by purchase or gift for game or fish purposes, including receipts from:

(1) licenses and permits issued;

(2) fines and forfeited bail;

(3) sales of contraband, wild animals, and other property under the control of the division;

(4) fees from advanced education courses for hunters and trappers;

(5) reimbursements of expenditures by the division;

(6) contributions to the division; and

(7) revenue credited to the game and fish fund under section 297A.94, paragraph

~~(e)~~ (f), clause (1).

EFFECTIVE DATE. This section is effective July 1, 2015.

10.1 Sec. 4. Minnesota Statutes 2014, section 297A.94, is amended to read:

10.2 **297A.94 DEPOSIT OF REVENUES.**

10.3 (a) Except as provided in this section, the commissioner shall deposit the revenues,
10.4 including interest and penalties, derived from the taxes imposed by this chapter in the state
10.5 treasury and credit them to the general fund.

10.6 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic
10.7 account in the special revenue fund if:

10.8 (1) the taxes are derived from sales and use of property and services purchased for
10.9 the construction and operation of an agricultural resource project; and

10.10 (2) the purchase was made on or after the date on which a conditional commitment
10.11 was made for a loan guaranty for the project under section 41A.04, subdivision 3.

10.12 The commissioner of management and budget shall certify to the commissioner the date
10.13 on which the project received the conditional commitment. The amount deposited in
10.14 the loan guaranty account must be reduced by any refunds and by the costs incurred by
10.15 the Department of Revenue to administer and enforce the assessment and collection of
10.16 the taxes.

10.17 (c) The commissioner shall deposit the revenues, including interest and penalties,
10.18 derived from the taxes imposed on sales and purchases included in section 297A.61,
10.19 subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them
10.20 as follows:

10.21 (1) first to the general obligation special tax bond debt service account in each fiscal
10.22 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

10.23 (2) after the requirements of clause (1) have been met, the balance to the general fund.

10.24 (d) The commissioner shall deposit the revenues, including interest and penalties,
10.25 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the
10.26 general fund. By July 15 of each year the commissioner shall transfer to the highway user
10.27 tax distribution fund an amount equal to the excess fees collected under section 297A.64,
10.28 subdivision 5, for the previous calendar year.

10.29 (e) The commissioner shall deposit in the highway user tax distribution fund the
10.30 revenues from sales tax attributed to sales and purchases of motor vehicle repair and
10.31 replacement parts, including: (i) all parts, tires, accessories, and equipment incorporated
10.32 into or affixed to a motor vehicle as part of the motor vehicle maintenance or repair;
10.33 and (ii) paint, oil, and other fluids that remain on or in the motor vehicle as part of the
10.34 motor vehicle maintenance or repair.

(f) 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.

~~(f)~~ (g) The revenue dedicated under paragraph ~~(e)~~ (f) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph ~~(e)~~ (f) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph ~~(e)~~ (f) must be allocated for field operations.

~~(g)~~ (h) The revenues deposited under paragraphs (a) to ~~(f)~~ (g) do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

EFFECTIVE DATE. This section is effective July 1, 2015.

ARTICLE 5

VEHICLE REGISTRATION TAX

Section 1. Minnesota Statutes 2014, section 168.013, subdivision 1a, is amended to read:

Subd. 1a. **Passenger automobile; hearse.** (a) On passenger automobiles as defined in section 168.002, subdivision 24, and hearses, except as otherwise provided, the tax shall be an amount equal to a combination of the following: \$10 for those vehicles with registration periods beginning on or before June 30, 2018; and \$20 for those vehicles with registration periods on or after July 1, 2018, plus an additional tax equal to 1.25 a percentage of 1.5 percent of the base value as specified in paragraph (h).

(b) Subject to the classification provisions herein, "base value" means the manufacturer's suggested retail price of the vehicle including destination charge using list price information published by the manufacturer or determined by the registrar if no suggested retail price exists, and shall not include the cost of each accessory or item of optional equipment separately added to the vehicle and the suggested retail price.

(c) If the manufacturer's list price information contains a single vehicle identification number followed by various descriptions and suggested retail prices, the registrar shall select from those listings only the lowest price for determining base value.

(d) If unable to determine the base value because the vehicle is specially constructed, or for any other reason, the registrar may establish such value upon the cost price to the purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales or use tax or any local sales or other local tax.

(e) The registrar shall classify every vehicle in its proper base value class as follows:

FROM	TO
\$ 0	\$ 199.99
\$ 200	\$ 399.99

and thereafter a series of classes successively set in brackets having a spread of \$200 consisting of such number of classes as will permit classification of all vehicles.

(f) The base value for purposes of this section shall be the middle point between the extremes of its class.

(g) The registrar shall establish the base value, when new, of every passenger automobile and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31, using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry. If unable to ascertain the base value of any registered vehicle in the foregoing manner, the registrar may use any other available source or method. The registrar shall calculate tax using base value information available to dealers and deputy registrars at the time the application for registration is submitted. The tax on all previously registered vehicles shall be computed upon the base value thus determined taking into account the depreciation provisions of paragraph (h).

(h) The annual additional tax must be computed upon a the specified percentage of 1.5 percent of the base value as follows: during the first year of vehicle life, upon 100 percent of the base value; for the second year, 90 percent of such value; for the third year, 80 percent of such value; for the fourth year, 70 percent of such value; for the fifth year, 60 percent of such value; for the sixth year, 50 percent of such value; for the seventh year, 40 percent of such value; for the eighth year, 30 percent of such value; for the ninth year, 20 percent of such value; for the tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of \$25.

(i) In no event shall the annual additional tax be less than \$25.

~~(j) For any vehicle previously registered in Minnesota, the annual additional tax due under this subdivision must not exceed the smallest amount of annual additional tax previously paid or due on the vehicle.~~

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any tax for a registration period that begins on or after September 1, 2015.

ARTICLE 6

OTHER TAXES, FEES, AND TRANSFERS

Section 1. Minnesota Statutes 2014, section 115A.908, is amended to read:

115A.908 MOTOR VEHICLE TRANSFER FEE.

Subdivision 1. **Fee charged.** (a) A fee of \$10 shall be charged on the initial registration and each subsequent transfer of title within the state, other than transfers for resale purposes, of every motor vehicle weighing more than 1,000 pounds. The fee shall be collected by the commissioner of public safety. Registration plates or certificates of title may not be issued by the commissioner of public safety for the ownership or operation of a motor vehicle subject to the transfer fee unless the fee is paid. The fee may not be charged on the transfer of:

(1) previously registered vehicles if the transfer is to the same person;

(2) vehicles subject to the conditions specified in section 297A.70, subdivision 2; or

(3) vehicles purchased in another state by a resident of another state if more than 60 days have elapsed after the date of purchase and the purchaser is transferring title to this state and has become a resident of this state after the purchase.

(b) A surcharge of \$10 is imposed on each fee charged under paragraph (a).

Subd. 2. **Deposit of revenue.** (a) Fee revenue collected under this section shall be credited to the environmental fund.

14.1 (b) The commissioner of transportation shall deposit the proceeds of the surcharge
14.2 as follows:

14.3 (1) 50 percent in the small city streets and bridges account under section 174.54,
14.4 subdivision 1; and

14.5 (2) 50 percent in the larger city streets and bridges account under section 174.54,
14.6 subdivision 2.

14.7 Sec. 2. Minnesota Statutes 2014, section 161.081, subdivision 1, is amended to read:

14.8 Subdivision 1. **Distribution of five percent.** ~~(a)~~ Pursuant to article 14, section 5, of
14.9 the Constitution, five percent of the net highway user tax distribution fund is set aside, and
14.10 apportioned to the county state-aid highway fund.

14.11 ~~(b) That apportionment is further distributed as follows:~~

14.12 ~~(1) 30.5 percent to the town road account created in section 162.081;~~

14.13 ~~(2) 16 percent to the town bridge account, which is created in the state treasury~~ 56.5
14.14 percent to the county state-aid highway fund, consisting of: (i) 30.5 percent to the town
14.15 road account created in section 162.081; (ii) 16 percent to the town bridge account created
14.16 in the state treasury; and (iii) ten percent to the county municipal accounts for purposes
14.17 described in section 162.08; and

14.18 ~~(3) 53.5 percent to the flexible highway account created in subdivision 3~~ (2) 43.5
14.19 percent to the municipal state-aid street fund.

14.20 **EFFECTIVE DATE.** This section is effective July 1, 2015.

14.21 Sec. 3. Minnesota Statutes 2014, section 161.082, subdivision 1, is amended to read:

14.22 Subdivision 1. **Creation of account; rules.** (a) The county turnback account is
14.23 created in the state treasury, consisting of money allotted or appropriated to the account
14.24 from the trunk highway fund or from any other source that will be used for the restoration
14.25 of trunk highways that have reverted or that will revert to counties.

14.26 (b) Except as provided in this section and in section 161.081, all money accruing
14.27 to the county turnback account shall be expended in accordance with rules of the
14.28 commissioner of transportation in paying a county for the restoration of former trunk
14.29 highways, or portions thereof, that have reverted to the county in accordance with law, and
14.30 have become a part of the county state-aid highway system.

14.31 (c) The legislature finds that restoration of trunk highways that have reverted or
14.32 will revert to counties is a trunk highway purpose within the meaning of the Minnesota
14.33 Constitution, article XIV, section 2.

15.1 Sec. 4. Minnesota Statutes 2014, section 161.082, is amended by adding a subdivision
15.2 to read:

15.3 Subd. 1a. **Budget submission.** As part of each biennial budget submission to the
15.4 legislature, the commissioner shall include a request for an appropriation to the county
15.5 turnback account.

15.6 Sec. 5. Minnesota Statutes 2014, section 161.083, is amended to read:

15.7 **161.083 MUNICIPAL TURNBACK ACCOUNT, EXPENDITURE.**

15.8 Subdivision 1. **Creation of account.** (a) The municipal turnback account is created
15.9 in the state treasury, consisting of money allotted or appropriated to the account from the
15.10 trunk highway fund or from any other source that will be used for the restoration of trunk
15.11 highways that have reverted or that will revert to cities.

15.12 (b) Except as hereinafter provided in this section, all money accruing to the
15.13 municipal turnback account shall be expended in accordance with rules of the
15.14 commissioner of transportation in paying a municipality having a population of 5,000 or
15.15 more for the reconstruction and improvement of former trunk highways, or portions
15.16 thereof, that have reverted to such municipality in accordance with law, and have become
15.17 a part of the municipal state-aid street system.

15.18 (c) The legislature finds that restoration of trunk highways that have reverted or
15.19 will revert to cities is a trunk highway purpose within the meaning of the Minnesota
15.20 Constitution, article XIV, section 2.

15.21 Subd. 2. **Biennial budget submission.** As part of each biennial budget submission
15.22 to the legislature, the commissioner shall include a request for an appropriation to the
15.23 municipal turnback account.

15.24 Sec. 6. Minnesota Statutes 2014, section 168.33, subdivision 2, is amended to read:

15.25 **Subd. 2. Deputy registrars.** (a) The commissioner may appoint, and for cause
15.26 discontinue, a deputy registrar for any statutory or home rule charter city as the public
15.27 interest and convenience may require, without regard to whether the county auditor of
15.28 the county in which the city is situated has been appointed as the deputy registrar for the
15.29 county or has been discontinued as the deputy registrar for the county, and without regard
15.30 to whether the county in which the city is situated has established a county license bureau
15.31 that issues motor vehicle licenses as provided in section 373.32.

15.32 (b) The commissioner may appoint, and for cause discontinue, a deputy registrar
15.33 for any statutory or home rule charter city as the public interest and convenience may
15.34 require, if the auditor for the county in which the city is situated chooses not to accept

16.1 appointment as the deputy registrar for the county or is discontinued as a deputy registrar,
16.2 or if the county in which the city is situated has not established a county license bureau
16.3 that issues motor vehicle licenses as provided in section 373.32.

16.4 (c) The commissioner may appoint, and for cause discontinue, the county auditor of
16.5 each county as a deputy registrar.

16.6 (d) Despite any other provision, a person other than a county auditor or a director
16.7 of a county license bureau, who was appointed by the registrar before August 1, 1976,
16.8 as a deputy registrar for any statutory or home rule charter city, may continue to serve
16.9 as deputy registrar and may be discontinued for cause only by the commissioner. The
16.10 county auditor who appointed the deputy registrars is responsible for the acts of deputy
16.11 registrars appointed by the auditor.

16.12 (e) Each deputy, before entering upon the discharge of duties, shall take and
16.13 subscribe an oath to faithfully discharge the duties and to uphold the laws of the state.

16.14 (f) If a deputy registrar appointed under this subdivision is not an officer or employee
16.15 of a county or statutory or home rule charter city, the deputy shall in addition give bond to
16.16 the state in the sum of \$10,000, or a larger sum as may be required by the commissioner,
16.17 conditioned upon the faithful discharge of duties as deputy registrar.

16.18 (g) A corporation governed by chapter 302A or 317A may be appointed a deputy
16.19 registrar. Upon application by an individual serving as a deputy registrar and the giving of
16.20 the requisite bond as provided in this subdivision, personally assured by the individual or
16.21 another individual approved by the commissioner, a corporation named in an application
16.22 then becomes the duly appointed and qualified successor to the deputy registrar.

16.23 (h) Each deputy registrar appointed under this subdivision shall keep and maintain
16.24 office locations approved by the commissioner for the registration of vehicles and the
16.25 collection of taxes and fees on vehicles.

16.26 (i) The deputy registrar shall keep records and make reports to the commissioner as
16.27 the commissioner requires. The records must be maintained at the offices of the deputy
16.28 registrar. The records and offices of the deputy registrar must at all times be open to the
16.29 inspection of the commissioner or the commissioner's agents. The deputy registrar shall
16.30 report to the commissioner by the next working day following receipt all registrations
16.31 made and taxes and fees collected by the deputy registrar.

16.32 (j) The filing fee fees imposed under subdivision 7, paragraph (a), clauses (1) and
16.33 (3), must be deposited in the treasury of the place for which appointed or, if not a public
16.34 official, a deputy shall retain the filing fee fees, but the registration tax and, any additional
16.35 fees for delayed registration the deputy registrar has collected, and the surcharge imposed
16.36 under subdivision 7, paragraph (a), clause (2), the deputy registrar shall deposit by the next

17.1 working day following receipt in an approved state depository to the credit of the state
17.2 through the commissioner of management and budget. The place for which the deputy
17.3 registrar is appointed through its governing body must provide the deputy registrar with
17.4 facilities and personnel to carry out the duties imposed by this subdivision if the deputy
17.5 is a public official. In all other cases, the deputy shall maintain a suitable facility for
17.6 serving the public.

17.7 Sec. 7. Minnesota Statutes 2014, section 168.33, subdivision 7, as amended by Laws
17.8 2015, chapter 75, article 2, section 18, is amended to read:

17.9 Subd. 7. **Filing fees and surcharge; allocations.** (a) In addition to all other
17.10 statutory fees and taxes, ~~a filing fee of:~~

17.11 (1) a \$6 filing fee is imposed on every vehicle registration renewal, excluding pro
17.12 rate transactions; ~~and~~

17.13 (2) a \$10 surcharge is imposed on the fee for every vehicle registration renewal,
17.14 excluding pro rate transactions; and

17.15 (3) a \$10 filing fee is imposed on every other type of vehicle transaction, including
17.16 motor carrier fuel licenses under sections 168D.05 and 168D.06, and pro rate transactions.

17.17 (b) Notwithstanding paragraph (a):

17.18 (1) a filing fee may not be charged for a document returned for a refund or for
17.19 a correction of an error made by the Department of Public Safety, a dealer, or a deputy
17.20 registrar; and

17.21 (2) no filing fee or other fee may be charged for the permanent surrender of a title
17.22 for a vehicle.

17.23 (c) The filing fee and surcharge must be shown as a separate item on all registration
17.24 renewal notices sent out by the commissioner.

17.25 (d) The statutory fees and taxes, and the filing fees and surcharge imposed under
17.26 paragraph (a) may be paid by credit card or debit card. The deputy registrar may collect a
17.27 surcharge on the statutory fees, taxes, statutory surcharge, and filing fee not greater than
17.28 the cost of processing a credit card or debit card transaction, in accordance with emergency
17.29 rules established by the commissioner of public safety. The surcharge authorized by this
17.30 paragraph must be used to pay the cost of processing credit and debit card transactions.

17.31 (e) The fees and surcharge collected under ~~this subdivision~~ paragraph (a) by the
17.32 department must be allocated as follows:

17.33 (1) of the fees collected under paragraph (a), clause (1):

17.34 (i) \$4.50 must be deposited in the vehicle services operating account; and

17.35 (ii) \$1.50 must be deposited:

(A) in the driver and vehicle services technology account until sufficient funds have been deposited in that account to cover all costs of administration, development, and initial full deployment of the driver and vehicle services information system; and

(B) after completion of the deposit of funds under subitem (A) in the vehicle services operating account; and

(2) of the surcharge collected under paragraph (a), clause (2):

(i) 50 percent must be deposited in the small city streets and bridges account under section 174.54, subdivision 1; and

(ii) 50 percent must be deposited in the larger city streets and bridges account under section 174.54, subdivision 2; and

(3) of the fees collected under paragraph (a), clause (2) (3):

(i) \$3.50 must be deposited in the general fund;

(ii) \$5.00 must be deposited in the vehicle services operating account; and

(iii) \$1.50 must be deposited:

(A) in the driver and vehicle services technology account until sufficient funds have been deposited in that account to cover all costs of administration, development, and initial full deployment of the driver and vehicle services information system; and

(B) after completion of the deposit of funds under subitem (A) in the vehicle services operating account.

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

Sec. 8. [174.54] CITY STREETS AND BRIDGES ACCOUNTS.

Subdivision 1. Small city streets and bridges account. A small city streets and bridges account is created as a special revenue account and established in the state treasury, consisting of money allotted, appropriated, or transferred through gift or grant to the account. Money in the account must be appropriated to the commissioner of transportation by law and apportioned among all the cities in the state that are not eligible to receive municipal state aid and do not receive municipal state aid. The commissioner shall apportion the money so that of the total amount each city receives the percentage that its population bears to the total population of all small cities in this state. Money apportioned under this section must be used for construction, reconstruction, improvement, operations, and maintenance of city streets and bridges.

Subd. 2. Larger city streets and bridges account. A larger city streets and bridges account is created as a special revenue account and established in the state treasury, consisting of money allotted, appropriated, or transferred through gift or grant to the account. Money in the account must be appropriated to the commissioner of

19.1 transportation by law and apportioned among all the cities in the state that are eligible
19.2 to receive municipal state aid. The commissioner shall apportion: (1) 50 percent of the
19.3 money so that of that amount each city receives the percentage that its population bears to
19.4 the total population of all cities that are eligible to receive municipal state aid; and (2)
19.5 50 percent of the money so that of that amount each city receives the percentage that the
19.6 city's money needs, as determined by the commissioner under section 162.13, subdivision
19.7 3, bears to the total money needs of all cities eligible to receive municipal state aid.
19.8 Money apportioned under this section must be used for construction, reconstruction,
19.9 improvement, operations, and maintenance of city streets and bridges.

19.10 Sec. 9. Minnesota Statutes 2014, section 297A.815, subdivision 3, is amended to read:

19.11 Subd. 3. **Motor vehicle lease sales tax revenue.** (a) For purposes of this subdivision,
19.12 "net revenue" means an amount equal to the revenues, including interest and penalties,
19.13 collected under this section, during the fiscal year; ~~less \$32,000,000 in each fiscal year.~~

19.14 (b) On or before June 30 of each fiscal year, the commissioner of revenue shall
19.15 estimate the amount of the ~~net revenue~~ revenues for the current fiscal year, including
19.16 interest and penalties collected during the fiscal year under this section.

19.17 (c) On or after July 1 of the subsequent fiscal year, the commissioner of management
19.18 and budget shall transfer the ~~net revenue~~ revenues as estimated in paragraph (b) from the
19.19 general fund, ~~as follows:~~

19.20 ~~(1) \$9,000,000 annually until January 1, 2015, and 50 percent annually thereafter to~~
19.21 ~~the county state-aid highway fund.~~

19.22 (d) Notwithstanding any other law to the contrary, the commissioner of transportation
19.23 shall allocate the funds transferred under this clause paragraph (c) to the counties in the
19.24 metropolitan area, as defined in section 473.121, subdivision 4, excluding the counties of
19.25 Hennepin and Ramsey; so that each county shall receive of such amount the percentage
19.26 that its population, as defined in section 477A.011, subdivision 3, estimated or established
19.27 by July 15 of the year prior to the current calendar year, bears to the total population of the
19.28 counties receiving funds under this clause; and.

19.29 ~~(2) the remainder to the greater Minnesota transit account. For the purposes of the~~
19.30 calculation in this paragraph, the population of Hennepin County shall first be multiplied
19.31 by 0.25, and the population of Ramsey County shall first be multiplied by 0.5.

19.32 (e) The revenues transferred under this subdivision do not include the revenues,
19.33 including interest and penalties, generated by the sales tax imposed under section
19.34 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota
19.35 Constitution, article XI, section 15.

20.1 **EFFECTIVE DATE.** Paragraphs (a) to (c) are effective January 1, 2016, and
20.2 paragraph (d) is effective the day following final enactment.

20.3 Sec. 10. Minnesota Statutes 2014, section 297B.09, subdivision 1, is amended to read:

20.4 Subdivision 1. **Deposit of revenues.** (a) Money collected and received under this
20.5 chapter must be deposited as provided in this subdivision.

20.6 (b) ~~60~~ 58 percent of the money collected and received must be deposited in the
20.7 highway user tax distribution fund, ~~36~~ 34 percent must be deposited in the metropolitan
20.8 area transit account under section 16A.88, and ~~four~~ eight percent must be deposited in the
20.9 greater Minnesota transit account under section 16A.88.

20.10 ~~(c) It is the intent of the legislature that the allocations under paragraph (b) remain~~
20.11 ~~unchanged for fiscal year 2012 and all subsequent fiscal years.~~

20.12 Sec. 11. **REPEALER.**

20.13 Minnesota Statutes 2014, section 161.081, subdivision 3, is repealed.

20.14 **EFFECTIVE DATE.** This section is effective July 1, 2015.

20.15 **ARTICLE 7**

20.16 **METROPOLITAN TRANSIT IMPROVEMENT AREA SALES TAX**

20.17 Section 1. Minnesota Statutes 2014, section 297A.992, subdivision 1, is amended to
20.18 read:

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

20.21 (1) "metropolitan transportation area" means the counties participating in the joint
20.22 powers agreement under subdivision 3;

20.23 (2) "eligible county" means the county of Anoka, Carver, Dakota, Hennepin,
20.24 Ramsey, Scott, or Washington; and

20.25 ~~(3) "committee" means the Grant Evaluation and Ranking System (GEARS)~~
20.26 ~~Committee;~~

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

20.31 ~~(5) "population" means the population, as defined in section 477A.011, subdivision~~
20.32 ~~3, estimated or established by July 15 of the year prior to the calendar year in which~~

21.1 ~~the representatives will serve on the Grant Evaluation and Ranking System Committee~~
21.2 ~~established under subdivision 5.~~

21.3 Sec. 2. Minnesota Statutes 2014, section 297A.992, subdivision 4, is amended to read:

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

21.9 (b) The joint powers board may utilize no more than three-fourths of one percent of
21.10 the proceeds of the taxes imposed under this section for ordinary administrative expenses
21.11 incurred in carrying out the provisions of this section. Any additional administrative
21.12 expenses must be paid by the participating counties.

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

21.17 Sec. 3. Minnesota Statutes 2014, section 297A.992, subdivision 5, is amended to read:

21.18 Subd. 5. **Grant application and awards; ~~Grant Evaluation and Ranking System~~**
21.19 **~~(GEARS) Committee.~~** (a) The joint powers board shall establish a grant application
21.20 process and identify the amount of available funding for grant awards. Grant applications
21.21 must be submitted in a form prescribed by the joint powers board. An applicant must
21.22 provide, in addition to all other information required by the joint powers board, the
21.23 estimated cost of the project, the amount of the grant sought, possible sources of funding
21.24 in addition to the grant sought, and identification of any federal funds that will be utilized
21.25 if the grant is awarded. A grant application seeking transit capital funding must identify
21.26 the source of money necessary to operate the transit improvement.

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

21.33 ~~(c) The joint powers board shall establish a GEARS Committee, which must consist~~
21.34 ~~of.~~

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

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

22.5 ~~(3) one additional elected city representative from each county for every additional~~
22.6 ~~400,000 in population, or fraction of 400,000, in the county that is above 400,000 in~~
22.7 ~~population; and~~

22.8 ~~(4) the chair of the Metropolitan Council Transportation Committee.~~

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

22.12 ~~(e) The committee shall evaluate grant applications following objective criteria~~
22.13 ~~established by the joint powers board, and must provide to the joint powers board a~~
22.14 ~~selection list of transportation projects that includes a priority ranking.~~

22.15 ~~(f) (c) A grant award for a transit project located within the metropolitan area, as~~
22.16 ~~defined in section 473.121, subdivision 2, may be funded only after the Metropolitan~~
22.17 ~~Council reviews the project for consistency with the transit portion of the Metropolitan~~
22.18 ~~Council policy plan and one of the following occurs:~~

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

22.20 ~~(2) the Metropolitan Council initially finds the project to be inconsistent, but after a~~
22.21 ~~good faith effort to resolve the inconsistency through negotiations with the joint powers~~
22.22 ~~board, agrees that the grant award may be funded; or~~

22.23 ~~(3) the Metropolitan Council finds the project to be inconsistent, and submits the~~
22.24 ~~consistency issue for final determination to a panel, which determines the project to be~~
22.25 ~~consistent. The panel is composed of a member appointed by the chair of the Metropolitan~~
22.26 ~~Council, a member appointed by the joint powers board, and a member agreed upon by~~
22.27 ~~both the chair and the joint powers board.~~

22.28 ~~(g) (d) Grants must be funded by the proceeds of the taxes imposed under this~~
22.29 ~~section and under section 297A.9925, bonds, notes, or other obligations issued by the~~
22.30 ~~joint powers board under subdivision 7.~~

22.31 ~~(h) Notwithstanding the provisions of this section except subdivision 6a, of~~
22.32 ~~the revenue collected under this section, the joint powers board shall allocate to the~~
22.33 ~~Metropolitan Council, in fiscal years 2012 and 2013, an amount not less than 75 percent of~~
22.34 ~~the net cost of operations for those transitways that were receiving metropolitan sales tax~~
22.35 ~~funds through an operating grant agreement on June 30, 2011.~~

23.1 ~~(i) The Metropolitan Council shall expend any funds allocated under paragraph (h)~~
23.2 ~~for the operations of the specified transitways solely within those counties that are in the~~
23.3 ~~metropolitan transportation area.~~

23.4 ~~(j) (e)~~ Nothing in ~~paragraph (h) or (i)~~ this section prevents grant awards to
23.5 the Metropolitan Council for capital and operating assistance for transitways and
23.6 park-and-ride facilities.

23.7 Sec. 4. Minnesota Statutes 2014, section 297A.992, subdivision 6, is amended to read:

23.8 Subd. 6. **Allocation and use of grant awards.** (a) The board must allocate grant
23.9 awards only for the following transit purposes:

23.10 (i) capital improvements to transitways, including, but not limited to, commuter rail
23.11 rolling stock, light rail vehicles, and transitway buses;

23.12 (ii) capital costs for park-and-ride facilities, as defined in section 174.256,
23.13 subdivision 2;

23.14 (iii) feasibility studies, planning, alternatives analyses, environmental studies,
23.15 engineering, property acquisition for transitway purposes, and construction of transitways;
23.16 and

23.17 (iv) operating assistance for transitways.

23.18 (b) The joint powers board must annually award grants to each minimum guarantee
23.19 county in an amount no less than the amount of sales tax revenue collected within that
23.20 county.

23.21 (c) The joint powers board shall, over the duration of the Metropolitan Council's
23.22 2030 plan, make reasonable efforts to award grants so as to achieve geographic balance
23.23 within the region.

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

23.27 **EFFECTIVE DATE.** This section is effective the day following final enactment
23.28 and applies to grant awards for calendar year 2016 and later.

23.29 Sec. 5. **[297A.9925] METROPOLITAN TRANSIT IMPROVEMENT AREA**
23.30 **TRANSIT SALES AND USE TAX; RATE; IMPOSITION; USES; PRIORITIES.**

23.31 Subdivision 1. Definitions. For purposes of this section, the following terms have
23.32 the meanings given them:

23.33 (1) "metropolitan transit improvement area" or "area" means the counties of Anoka,
23.34 Carver, Dakota, Hennepin, Ramsey, Scott, and Washington;

24.1 (2) "Metropolitan Council" or "council" means the Metropolitan Council established
24.2 by section 473.123; and

24.3 (3) "local governmental unit" means any county, city, town, school district, special
24.4 district, or other political subdivision or public corporation, other than the council or a
24.5 metropolitan agency, lying in whole or in part within the metropolitan transit improvement
24.6 area.

24.7 Subd. 2. **Metropolitan transit improvement area sales tax imposition; rate.** (a)
24.8 Notwithstanding section 297A.99, subdivisions 1, 2, and 3, 477A.016, or any other law, a
24.9 county in the metropolitan transit improvement area may impose by resolution a transit
24.10 improvement sales and use tax on retail sales and uses taxable under this chapter occurring
24.11 within the county. The rate of the tax, except as otherwise provided under paragraphs (b)
24.12 and (c), is one-half of one percent.

24.13 (b) A county that imposes the transit improvement sales and use tax under this
24.14 section may impose the tax at the alternative rate of three-quarters of one percent.

24.15 (c) The rate at which the metropolitan area transit sales and use tax is imposed in
24.16 each county will be reduced by the rate of a greater Minnesota transportation sales and
24.17 use tax imposed by that county under section 297A.993.

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

24.23 Subd. 3. **Administration; collection; enforcement.** Except as otherwise provided
24.24 in this section, the provisions of section 297A.99, subdivisions 4 and 6 to 12a, govern the
24.25 administration, collection, and enforcement of the tax authorized under this section.

24.26 Subd. 4. **Distribution of net revenues.** After deducting costs of collection and other
24.27 costs under section 297A.99, subdivision 11, the commissioner of revenue shall remit:

24.28 (1) to the Counties Transit Improvement Board, an amount equal to 8.5 percent of
24.29 the net proceeds of the tax imposed under subdivision 2, paragraph (a);

24.30 (2) to each county that imposes the tax at the alternative rate under subdivision 2,
24.31 paragraph (b), an amount equal to the revenues generated by one-fourth of one percent of
24.32 the tax on sales and uses in that county; and

24.33 (3) to the Metropolitan Council, the remaining proceeds.

24.34 Subd. 5. **General purpose; consistency with transportation policy plan.** (a) The
24.35 Metropolitan Council shall utilize the proceeds of the tax imposed under subdivision 2,

25.1 paragraph (a), for transit purposes described under subdivision 7, within the metropolitan
25.2 transit improvement area.

25.3 (b) Projects funded with the tax proceeds must not be inconsistent with the
25.4 long-range transportation policy plan adopted by the council under section 473.146 and
25.5 must be located within the transit improvement area.

25.6 (c) A county that imposes the transit improvement sales and use tax under
25.7 subdivision 2, paragraph (b), may utilize from the tax proceeds an amount equal to a tax of
25.8 one-quarter of one percent for any transportation purpose, except for Hennepin County,
25.9 which may utilize the described amount only for transit purposes.

25.10 Subd. 6. **Priorities.** The council shall allocate revenues from the taxes imposed
25.11 under this section in conformance with the following priority order:

25.12 (1) payment of debt service necessary for the fiscal year on bonds or other
25.13 obligations secured by revenues from the tax imposed in this section;

25.14 (2) proportional distribution of an amount equal to one-eighth of the total net
25.15 proceeds of the taxes imposed under subdivision 2 and under section 297A.992,
25.16 subdivision 2, so that the share of each county in the metropolitan transit improvement
25.17 area is based on the proportion of taxes generated in that county. Grant awards under
25.18 this clause must be used by Hennepin County only for transit purposes, but by all other
25.19 counties for any transit purpose or any transportation purpose that has a nexus to transit or
25.20 transit-oriented development; and

25.21 (3) as otherwise authorized under subdivision 7.

25.22 Subd. 7. **Use of tax proceeds.** (a) After deducting the amount necessary under
25.23 subdivision 6, clauses (1) and (2), the council shall allocate remaining revenues from the
25.24 tax imposed in this section for the following purposes:

25.25 (1) operating and capital costs to preserve existing bus services that are in
25.26 conformance with regional transit performance standards as specified in the council's
25.27 transportation policy plan;

25.28 (2) 100 percent of the net operating costs of arterial bus rapid transit lines in operation
25.29 on September 30, 2015, and 50 percent of the net operating costs of other transitways;

25.30 (3) grants required under paragraph (b);

25.31 (4) operating and capital costs for transit expansion consistent with the transit
25.32 portion of the council's policy transit plan, including, but not limited to:

25.33 (i) expansion and upgrades of regular route and commuter bus service provided
25.34 by metropolitan transit and replacement services under section 473.388, with overall
25.35 expansion of service by an annual average rate of four percent;

25.36 (ii) development of arterial bus rapid transit, transitways, and streetcar systems; and

26.1 (iii) maintenance of affordable transit fares;
26.2 (5) operating and capital costs for expansion and improvement of regional
26.3 transitways and streetcars;
26.4 (6) to transit authorities to establish, replace, or modify transit shelters to conform
26.5 with design specifications and maintenance requirements within the meaning of section
26.6 473.41;
26.7 (7) as grants in the annual amount of \$390,000, payable by July 31, to transportation
26.8 management organizations that provide services exclusively or primarily in (1) each city
26.9 of the first class, as provided under section 410.01; and (2) the city having the highest
26.10 population as of the effective date of this section located along the marked Interstate
26.11 Highway 494 corridor. Permissible uses include administrative expenses and programming
26.12 and service expansion, including but not limited to staffing, communications, outreach and
26.13 education program development, and operations management;
26.14 (8) for financial assistance to replacement service providers under section 473.388
26.15 in the amount of \$1,500,000 in fiscal year 2016 and \$1,500,000 in fiscal year 2017, to
26.16 implement a demonstration project that provides regular route transit or express bus
26.17 service between municipalities in the metropolitan transportation improvement area,
26.18 excluding cities of the first class. The council shall allocate the appropriated funds as
26.19 directed by the replacement service providers who shall collectively identify one or more
26.20 demonstration projects for financial assistance under this section and submit a notification
26.21 of the allocation to the Metropolitan Council. Criteria for evaluating and identifying
26.22 demonstration projects must include, but are not limited to:
26.23 (i) scope of service offering improvements;
26.24 (ii) integration with transit facilities and major business, retail, or suburban centers;
26.25 (iii) extent to which a proposed route complements existing transit service; and
26.26 (iv) density of employment along a proposed route;
26.27 (9) to the Center for Transportation Studies, University of Minnesota, \$500,000
26.28 annually for research to improve accessibility, operational efficiency, and safety of transit
26.29 systems; and
26.30 (10) any other costs payable under subdivisions 5, 6, and 7, which may include,
26.31 but are not limited to, transit operations, capital improvements, design, engineering and
26.32 environmental work, acquisition of real property, transit planning and feasibility studies,
26.33 and to provide grants to local governmental units for transit purposes, including streetcars
26.34 or for bicycle and pedestrian projects.
26.35 (b) The council shall make available an amount equal to ten percent of the revenues
26.36 from the tax imposed in this section and in section 297A.992 through grants to local

27.1 units of government within the metropolitan transit improvement area for construction
27.2 and maintenance of regional bicycle, trail, and pedestrian infrastructure for safe routes to
27.3 school infrastructure and for active transportation programs under section 174.38.

27.4 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
27.5 September 30, 2015, and applies in the counties of Anoka, Carver, Dakota, Hennepin,
27.6 Ramsey, Scott, and Washington, except that subdivision 2, paragraph (c), is effective the
27.7 day following final enactment.

27.8 Sec. 6. **REPEALER.**

27.9 Minnesota Statutes 2014, section 473.4051, subdivision 2, is repealed.

27.10 **EFFECTIVE DATE.** This section is effective July 1, 2015.

27.11 **ARTICLE 8**

27.12 **EFFICIENCY MEASURES AND RELATED POLICY**

27.13 Section 1. Minnesota Statutes 2014, section 161.088, subdivision 5, is amended to read:

27.14 Subd. 5. **Project selection process; criteria.** (a) The commissioner shall establish a
27.15 process for identification, evaluation, and selection of projects under the program.

27.16 (b) As part of the project selection process, the commissioner shall annually accept
27.17 recommendations on candidate projects from area transportation partnerships and other
27.18 interested stakeholders in each Department of Transportation district. For each candidate
27.19 project identified under this paragraph, the commissioner shall determine eligibility,
27.20 classify, and if appropriate, evaluate the project for the program.

27.21 (c) Project evaluation and prioritization must be performed on the basis of objective
27.22 criteria, which must include:

27.23 (1) a return on investment measure that provides for comparison across eligible
27.24 projects;

27.25 (2) measurable impacts on commerce and economic competitiveness;

27.26 (3) efficiency in the movement of freight, including but not limited to:

27.27 (i) measures of annual average daily traffic and commercial vehicle miles traveled,
27.28 which may include data near the project location on that trunk highway or on connecting
27.29 trunk and local highways; and

27.30 (ii) measures of congestion or travel time reliability, which may be within or near
27.31 the project limits, or both;

27.32 (4) improvements to traffic safety;

28.1 (5) connections to regional trade centers, local highway systems, and other
28.2 transportation modes;

28.3 (6) the extent to which the project addresses multiple transportation system policy
28.4 objectives and principles; and

28.5 (7) support and consensus for the project among members of the surrounding
28.6 community; and

28.7 (8) the extent to which land has been acquired for the project.

28.8 (d) As part of the project selection process, the commissioner may divide funding
28.9 to be separately available among projects within each classification under subdivision 3,
28.10 and may apply separate or modified criteria among those projects falling within each
28.11 classification.

28.12 Sec. 2. Minnesota Statutes 2014, section 161.20, is amended by adding a subdivision
28.13 to read:

28.14 Subd. 3a. **Transfer of appropriations.** With the approval of the commissioner of
28.15 management and budget, the commissioner of transportation may transfer unencumbered
28.16 balances among appropriations from the trunk highway fund and the state airports fund.
28.17 No transfer may be made from appropriations for state road construction, for operations
28.18 and maintenance, or for debt service. Transfers under this paragraph may not be made
28.19 between funds. Transfers under this paragraph must be reported immediately to the
28.20 chairs and ranking minority members of the legislative committees and divisions with
28.21 jurisdiction over transportation finance.

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

28.23 Sec. 3. **[174.38] ACTIVE TRANSPORTATION PROGRAMS.**

28.24 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms
28.25 have the meanings given them.

28.26 (b) "Administering authority" or "authority" means the commissioner of
28.27 transportation, the joint powers board under section 297A.992, or the council, as
28.28 appropriate.

28.29 (c) "Bond-eligible cost" means:

28.30 (1) expenditures under this section for acquisition of land or permanent easements,
28.31 predesign, design, preliminary and final engineering, environmental analysis, construction,
28.32 and reconstruction of publicly owned infrastructure in this state with a useful life of at
28.33 least ten years that provides for nonmotorized transportation;

(2) preparation of land for which a nonmotorized transportation route is established, including demolition of structures and remediation of any hazardous conditions on the land; and

(3) the unpaid principal on debt issued by a political subdivision for a nonmotorized transportation project.

(d) "Council" means the Metropolitan Council, as defined under section 473.121, subdivision 3.

Subd. 2. **Programs established.** (a) Upon availability of funds specifically provided to an administering authority for purposes of this section, the authority shall establish a program to support bicycling, pedestrian activities, and other forms of nonmotorized transportation as provided in this section.

(b) Subject to the requirements of this section, the authority may provide grants or other financial assistance for a project.

Subd. 3. **Active transportation accounts.** (a) An active transportation account is established in the bond proceeds fund. The account consists of state bond proceeds appropriated to the commissioner or the council. Money in the account may only be expended on bond-eligible costs of a project receiving financial assistance under this section. All uses of funds from the account must be for publicly owned property.

(b) A greater Minnesota active transportation account is established in the special revenue fund. The account consists of funds as provided by law and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account may only be expended on a project that is primarily located outside of the metropolitan transit improvement area, as defined in section 297A.9925, subdivision 1, and receiving financial assistance as provided under this section.

(c) A metropolitan area active transportation account is established in the special revenue fund. The account consists of funds as provided by law and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account may only be expended on a project that is primarily located within the metropolitan transit improvement area, as defined in section 297A.9925, subdivision 1, and receiving financial assistance as provided under this section.

Subd. 4. **Program administration.** (a) The authority shall establish program requirements, including:

(1) eligibility for assistance, subject to the requirements under paragraph (b);

(2) a process for solicitation and application that minimizes applicant burdens; and

(3) procedures for award and payment of financial assistance.

(b) Eligible recipients of financial assistance under this section are:

30.1 (1) a political subdivision; and

30.2 (2) a tax-exempt organization under section 501(c)(3) of the Internal Revenue
30.3 Code, as amended.

30.4 (c) The authority shall make reasonable efforts to publicize each solicitation
30.5 for applications among all eligible recipients, and provide assistance in creating and
30.6 submitting applications.

30.7 (d) The authority may expend no more than one percent of available funds in a fiscal
30.8 year under this section on program administration.

30.9 Subd. 5. **State general obligation bond funds.** The legislature determines that
30.10 many nonmotorized transportation infrastructure projects constitute betterments and
30.11 capital improvements within the meaning of the Minnesota Constitution, article XI,
30.12 section 5, paragraph (a), and capital expenditures under generally accepted accounting
30.13 principles, and will be financed more efficiently and economically under this section than
30.14 by direct appropriations for specific projects.

30.15 Subd. 6. **Use of funds.** (a) For a project funded through state bond proceeds under
30.16 this section, financial assistance is limited solely to bond-eligible costs.

30.17 (b) Subject to paragraph (a), the authority shall determine permissible uses of
30.18 financial assistance under this section, which must include:

30.19 (1) construction and maintenance of bicycle, trail, and pedestrian infrastructure,
30.20 including but not limited to bicycle facilities and centers, and safe routes to school
30.21 infrastructure; and

30.22 (2) noninfrastructure programming, including activities as specified in section
30.23 174.40, subdivision 7a, paragraph (b).

30.24 Subd. 7. **Project evaluation and selection.** The authority shall establish a project
30.25 evaluation and selection process under this section that is competitive, criteria-based, and
30.26 objective. The process must include criteria and prioritization of projects based on:

30.27 (1) inclusion of the project in a municipal or regional nonmotorized transportation
30.28 system plan;

30.29 (2) location of the project in a jurisdiction in which a complete streets policy, as
30.30 provided under section 174.75, is in effect;

30.31 (3) the extent to which the project supports development of continuous and
30.32 convenient safe routes to school;

30.33 (4) the extent to which the project supports development of routes to and connections
30.34 with educational facilities, centers of employment, governmental services, health care
30.35 facilities, food sources, transit facilities, and other community destinations;

30.36 (5) general benefits to public health and safety as a result of the project; and

31.1 (6) geographic equity in project benefits, as well as benefits in areas or locations
31.2 experiencing high rates of pedestrian or bicycle collisions, high rates of health disparities,
31.3 and high concentrations of poverty.

31.4 Subd. 8. **Grant cancellation.** If, five years after execution of a grant agreement,
31.5 the authority determines that the grantee has not proceeded in a timely manner with
31.6 implementation of the project funded, the commissioner must cancel the grant and
31.7 the grantee must repay to the commissioner all grant money paid to the grantee for
31.8 deposit in the active transportation account from which the grant was originally paid.
31.9 Section 16A.642 applies to any appropriations made from the bond proceeds fund to the
31.10 commissioner under this section that have not been awarded as financial assistance.

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

31.12 Sec. 4. Minnesota Statutes 2014, section 174.42, is amended by adding a subdivision
31.13 to read:

31.14 Subd. 3. **Funding requirement for greater Minnesota.** In each federal fiscal year,
31.15 the commissioner shall spend out of National Highway Performance Program funds a total
31.16 amount in federal transportation funds for an active transportation competitive grant
31.17 program in greater Minnesota that totals a minimum of \$16,000,000 in excess of the
31.18 average annual spending on greater Minnesota transportation alternatives projects under
31.19 section 174.38 in federal fiscal years between October 2009 and September 2012. National
31.20 Highway Performance Program funds may be converted to Surface Transportation
31.21 Program funds or Transportation Alternative Program funds to fulfill the requirements
31.22 of this section. This requirement must not reduce the amount of federal transportation
31.23 funding for metropolitan projects.

31.24 **EFFECTIVE DATE.** This section is effective October 1, 2015.

31.25 Sec. 5. Minnesota Statutes 2014, section 174.50, is amended by adding a subdivision
31.26 to read:

31.27 Subd. 6d. **Major local bridges account.** The major local bridges account is created
31.28 in the Minnesota state transportation fund for money appropriated, allocated, or transferred
31.29 into the account to fund major local bridge projects. For purposes of this subdivision, a
31.30 major local bridge project is a project that carries a total cost in excess of \$30,000,000.

31.31 Sec. 6. **[219.016] RAILROAD COMPANY ASSESSMENT; ACCOUNT;**
31.32 **APPROPRIATION.**

(a) As provided in this section, the commissioner shall annually assess railroad companies that are (1) defined as common carriers under section 218.011; (2) classified by federal law or regulation as Class I Railroads or Class I Rail Carriers; and (3) operating in this state. The total assessment amount may not exceed \$32,500,000 annually.

(b) The assessment must be by a division of the annual appropriation to the grade crossing safety improvement account in equal proportion between carriers based on route miles operated in Minnesota, assessed in equal amounts for 365 days of the calendar year.

(c) The assessments must be deposited in the rail grade crossing safety improvement account, which is created in the special revenue fund. Money in the account is appropriated to the commissioner for the creation of a rail safety office within the Department of Transportation, not to exceed \$1,400,000 in each year; the development, administration, and construction of highway-rail grade crossing improvements on rail corridors transporting crude oil; and other selected routes, including those carrying hazardous materials. Improvements may include upgrades to existing protection systems, the closing of crossings and necessary roadwork, and reconstruction of at-grade crossings to full grade separations. Funds in the account are available until expended.

Sec. 7. Laws 2014, chapter 312, article 11, section 33, is amended to read:

Sec. 33. **TRANSPORTATION EFFICIENCIES.**

(a) The commissioner of transportation shall include in the report under Minnesota Statutes, section 174.56, due by December 15, 2015, information on efficiencies implemented in fiscal year 2015 in planning and project management and delivery, along with an explanation of the efficiencies employed to achieve the savings and the methodology used in the calculations. The level of savings achieved must equal, in comparison with the total state road construction budget for that year, a minimum of five percent in fiscal year 2015. The report must identify the projects that have been advanced or completed due to the implementation of efficiency measures.

(b) The commissioner shall identify in the report those recommendations from the Transportation Strategic Management and Operations Advisory Task Force Report dated January 23, 2009, submitted to the legislature by the Departments of Administration and Transportation, as required by Laws 2008, chapter 152, article 6, section 9, that the commissioner has implemented, with a description of current status of the recommendation and results of implementation.

(c) The commissioner shall present in the report plans to incorporate greater efficiencies in department operation and decision-making, including, but not limited to, the following: financing innovations, mode choice in project selection and design, land

33.1 use planning, return on investment calculation, project delivery, including selection of
33.2 materials and decreasing project delivery time, and efficiencies in multiagency permitting.

33.3 **Sec. 8. PUBLIC-PRIVATE PARTNERSHIP PILOT PROGRAM.**

33.4 **Subdivision 1. Public-private partnership initiatives.** (a) The commissioner
33.5 of transportation and the Metropolitan Council are authorized to consider and utilize
33.6 public-private partnership procurement methods for a maximum total of three pilot
33.7 projects as provided in this section. Neither the commissioner nor the council may
33.8 enter into more than two public-private partnerships under this section. Utilization of
33.9 public-private partnerships is a recognition of the importance to the state of an efficient
33.10 and safe transportation system, and the necessity of developing alternative funding sources
33.11 to supplement traditional sources of transportation revenues. A public-private partnership
33.12 initiative must take advantage of the expertise and experience of public employees and
33.13 private sector efficiencies in design and construction, along with expertise in finance and
33.14 development, and provide a better long-term value for the state than could be obtained
33.15 through traditional procurement methods.

33.16 (b) Notwithstanding Minnesota Statutes, section 160.98, or any other law to the
33.17 contrary, the commissioner or council may consider for use in the pilot program any
33.18 existing public-private partnership mechanism or any proposed mechanism that proves the
33.19 best available option for the state and that is not inconsistent with state law. Mechanisms
33.20 the commissioner or council may consider include, but are not limited to, toll facilities,
33.21 BOT facilities, BTO facilities, user fees, construction payments, joint development
33.22 agreements, negotiated exactions, or air rights development. For the purposes of this
33.23 section, toll facilities, BOT facilities, and BTO facilities have the meanings given under
33.24 Minnesota Statutes, section 160.84.

33.25 (c) As part of the pilot program, the commissioner and council are directed to form
33.26 an independent advisory and oversight office, the Joint Program Office for Economic
33.27 Development and Alternative Finance. The office shall consist of the commissioner of
33.28 management and budget, the commissioner of employment and economic development,
33.29 the commissioner of administration, the commissioner of transportation, the Metropolitan
33.30 Council, and one representative each from the American Council of Engineering
33.31 Companies - Minnesota chapter, the Minnesota Subcontractors Association, the Counties
33.32 Transit Improvement Board, the Minnesota County Engineers Association, the Associated
33.33 General Contractors - Minnesota Chapter, and AFSCME Minnesota Council 5. In
33.34 addition, the commissioner and Metropolitan Council shall invite the Federal Highway
33.35 Administration and the Federal Transit Administration to participate in the office's

activities. The office's duties include, but are not limited to, reviewing and approving projects proposed under this section, reviewing any contractual or financial agreements to ensure program requirements are met, and ensuring that any proposed or executed agreement serves the public interest.

Subd. 2. Pilot program restrictions and project selection. (a) The commissioner or council may receive or solicit and evaluate proposals to build, operate, and finance projects for infrastructure of a capital nature, excluding rolling stock. An approved project must not be inconsistent with the commissioner's most recent statewide transportation plan or the council's most recent transportation policy plan.

(b) When entering into a public-private partnership, the commissioner or council may not enter into any noncompete agreement that inhibits the state's ability to address ongoing or future infrastructure needs.

(c) A public-private partnership project may include a confidentiality agreement that protects the trade secrets of a proposer.

(d) A public-private partnership agreement that includes a temporary transfer of ownership or control of a road, bridge, or other infrastructure investment to the private entity, must include a provision requiring the return of the road, bridge, or other infrastructure investment to the state after a specified period of time that may not exceed 50 years.

(e) If the commissioner or council enters into a public-private partnership agreement that relates to construction of a toll facility, BOT facility, or BTO facility, the agreement must include a provision giving contractors, subcontractors, and suppliers of any tier, a means of securing payments due for work on the project, which may include a right to file a mechanics lien on toll revenues.

(f) If the department or council receives an unsolicited proposal from a private entity for a project that is approved by the office under subdivision 1, the department or council shall publish a notice for 12 weeks, continuously on its Web site, and at a minimum, weekly in the State Register stating that the department or council has received the proposal and will accept, for 120 days after the initial date of publication, other proposals for the same project purpose. The private proposer must be selected on a competitive basis.

(g) The commissioner and council may select only new projects for a public-private partnership. The commissioner and council are prohibited from selecting projects involving existing infrastructure for a public-private partnership, unless the proposed project adds capacity to the existing infrastructure.

(h) The total cost estimate for a project selected for a public-private partnership must not exceed \$500,000,000.

35.1 Subd. 3. Evaluation and selection of private entity and project. (a) The
35.2 commissioner and council shall contract with one or more consultants to assist in proposal
35.3 evaluation. The consultant must possess expertise and experience in public-private
35.4 partnership project evaluation methodology, such as value for money, costs of
35.5 public-private partnership compared with costs of public project delivery, and cost-benefit
35.6 analysis.

35.7 (b) When soliciting, evaluating, and selecting a private entity with which to enter
35.8 into a public-private partnership and before approving and selecting a project, the
35.9 commissioner or council, along with the office, must consider:

35.10 (1) the ability of the proposed project to improve safety, reduce congestion, increase
35.11 capacity, and promote economic growth;

35.12 (2) the proposed cost of and financial plan for the project;

35.13 (3) the general reputation, qualifications, industry experience, and financial capacity
35.14 of the private entity;

35.15 (4) the project's proposed design, operation, and feasibility;

35.16 (5) length and extent of transportation and transit service disruption;

35.17 (6) comments from local citizens and affected jurisdictions;

35.18 (7) benefits and potential detriments to the public; and

35.19 (8) the safety record of the private entity.

35.20 (c) The independent advisory and oversight office established under subdivision 1,
35.21 paragraph (c), shall, in collaboration with authorized representatives of Department of
35.22 Transportation workers, review proposals evaluated by the commissioner or council to
35.23 ensure the requirements of this section are being met. The independent advisory and
35.24 oversight office shall first determine whether the project, as proposed, serves the public
35.25 interest. In making this determination, the office must identify and consider advantages
35.26 and disadvantages for various stakeholders, including taxpayers, workers, transportation
35.27 and transit providers and operators, transportation and transit users, commercial vehicle
35.28 operators, and the general public, including the impact on the state's economy and the
35.29 project's environmental impact.

35.30 (d) After deciding to proceed with a project that is determined by the independent
35.31 advisory and oversight office to serve the public interest, as provided in paragraph (c), the
35.32 commissioner or council shall solicit competitive proposals.

35.33 (e) The commissioner or council may solicit proposals in three stages, subject to
35.34 applicable provisions of sections 161.3410 to 161.3426:

35.35 (1) stage one involves solicitation of competitive proposals from private entities to
35.36 provide the financing for the project and award of the financing contract. The request for

proposals must state all criteria upon which financing proposals are to be evaluated, along with the weight ascribed to each criterion. The contract awarded must be conditioned upon completion of the three-stage process with an executed contract for design, engineering, and construction of the project;

(2) stage two involves issuance of a request for qualifications and selection by the commissioner or council of not more than four proposers who may compete for the design, engineering, and construction portions of the project; and

(3) stage three involves selection by the commissioner or council of the successful proposer, and award of the contract. Unsuccessful proposers who submit responsive proposals in good faith must be paid a reasonable stipend. In consideration for paying the stipend, the commissioner or council may use any ideas or information contained in the proposals for the project or a subsequent procurement, without obligation to pay additional compensation to the unsuccessful proposer. The commissioner or council may not use ideas and information contained in a proposal submitted by an unsuccessful short-list proposer who elects to waive the stipend.

Subd. 4. Public-private agreement. (a) A public-private agreement between the commissioner or the council and a private entity shall, at a minimum, specify:

(1) the planning, acquisition, financing, development, design, construction, reconstruction, replacement, improvement, maintenance, management, repair, leasing, or operation of the project, as applicable to the entity and objectives of the agreement;

(2) the term of the public-private agreement;

(3) the type and duration of property interest, if any, that the private entity will have in the project;

(4) a description of the actions the commissioner or council may take to ensure proper maintenance of the project;

(5) whether user fees will be collected on the project and the basis by which the user fees shall be determined and modified along with identification of the public agency that will determine and modify fees;

(6) compliance with applicable federal, state, and local laws;

(7) grounds for termination of the public-private agreement by the commissioner or council;

(8) adequate safeguards for the traveling public and residents of the state in event of default on the contract;

(9) the extent and nature of involvement of public employees in the proposed project;

(10) financial protection for the state in the event of default, which must include payment and performance bonds, for any construction, that meet the requirements under Minnesota Statutes, sections 574.26 to 574.32; and

(11) procedures for amendment of the agreement.

(b) A public-private agreement between the commissioner or council and a private entity may provide for:

(1) review and approval by the commissioner or council of the private entity's plans for the development and operation of the project;

(2) inspection by the commissioner or council of construction and improvements to the project;

(3) maintenance by the private entity of a liability insurance policy;

(4) filing of appropriate financial statements by the private entity on a periodic basis;

(5) filing of traffic reports by the private entity on a periodic basis;

(6) financing obligations of the commissioner or council and the private entity;

(7) apportionment of expenses between the commissioner or council and the private entity;

(8) the rights and remedies available to all parties to the agreement as well as to contractors, subcontractors, and vendors of any tier, in the event of a default or delay;

(9) the rights and duties of the private entity, the commissioner or council, and other state or local governmental entities with respect to the use of the project;

(10) any negotiated terms and conditions of indemnification of any party to the agreement;

(11) assignment, subcontracting, or other delegations of responsibilities of (i) the private entity, or (ii) the commissioner or council under agreement to third parties, including other private entities or state agencies;

(12) if applicable, sale or lease to the private entity of private property related to the project;

(13) traffic enforcement and other policing issues; and

(14) any other terms and conditions the commissioner or council deems appropriate.

(c) The independent advisory and oversight office established under subdivision 1, paragraph (c), shall review any proposed contractual agreement prior to execution in order to ensure that the contract serves the public interest and the requirements of this section are met.

Subd. 5. **Funding from federal government.** (a) The commissioner or council may accept from the United States or any of its agencies funds that are available to the state

for carrying out the pilot program, whether the funds are available by grant, loan, or other financial assistance.

(b) The commissioner or council may enter into agreements or other arrangements with the United States or any of its agencies as necessary for carrying out the pilot program.

(c) The commissioner or council shall seek to maximize project funding from nonstate sources and may combine federal, state, local, and private funds to finance a public-private partnership pilot project.

Subd. 6. Reporting. By August 1, 2016, and annually by August 1 thereafter until all agreements entered into under this section are expired or terminated, the commissioner and council shall submit to the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over transportation policy and finance a list of all agreements executed under the pilot program authority. The list must identify each agreement, the contracting entities, contract amount and duration, any repayment requirements, and provide an update on the project's progress. The list may be submitted electronically and is subject to Minnesota Statutes, section 3.195, subdivision 1.

Subd. 7. Expiration of authority. The authority to enter into new agreements under this section expires on June 30, 2019.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 9. TRANSPORTATION PROJECT SELECTION PROCESS.

Subdivision 1. Adoption of process and public input. The commissioner of transportation shall, after consultation with metropolitan planning organizations, regional development commissions, area transportation partnerships, local governments, and the Metropolitan Council, draft a proposed transportation project data-driven evaluation process to provide an objective and consistent analysis to assist in developing the statewide transportation plan and prioritization of highway construction, reconstruction, and improvement projects in the state transportation improvement program. No later than September 1, 2015, the proposed process must be reported to the chairs and ranking minority members of the senate and house of representatives committees on transportation policy and finance, and published with a schedule for public hearings and additional opportunities for public input, both electronically and at locations throughout the state. No later than January 10, 2016, after public comment has been heard and incorporated into the proposed evaluation process, the commissioner shall adopt a final process for use in highway project investment decisions on and after March 1, 2016.

Subd. 2. Factors in analysis. The process must be based on objective, consistent, and quantifiable analysis. Factors in the analysis must include return on investment,

benefit-cost, local rankings, safety, congestion mitigation, economic development, accessibility, environmental quality, regional and metropolitan-rural balance, and land use. The process may assign different weights to factors in evaluating projects on the trunk highway system, the county state-aid highway system, and the municipal state-aid street system.

Subd. 3. **Exemptions.** A proposed project is exempt from the process if it is:

(1) funded by a grant from:

(i) the corridors of commerce program under Minnesota Statutes, section 161.088;

(ii) the transportation economic development program under Minnesota Statutes, section 174.12; and

(iii) the joint powers board under Minnesota Statutes, section 297A.992, subdivision 6; or

(2) a preservation, maintenance, capital preventive treatment or safety project that does not increase the capacity of the infrastructure, or if subjecting it to the evaluation process would result in a loss of federal funds.

Subd. 4. **Information on department's Web site.** For each proposed project evaluated under this process, the applicable scoring process, the score for each factor, and the overall score are public information and must be published on the department's Web site.

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

Sec. 10. ACTIVE TRANSPORTATION PROGRAM DEVELOPMENT.

(a) By October 1, 2015, the Advisory Committee on Nonmotorized Transportation under Minnesota Statutes, section 174.37, shall develop and submit recommendations to each administering authority under Minnesota Statutes, section 174.38, for developing project evaluation and selection processes under Minnesota Statutes, section 174.38, subdivision 7. The advisory committee may consult with representatives from the Bicycle Alliance of Minnesota, Minnesota Chamber of Commerce, Metropolitan Council Transportation Accessibility Advisory Committee, Minnesota Department of Transportation district area transportation partnerships, Minnesota State Council on Disability, organizations representing elderly populations, and public health organizations with experience in active transportation.

(b) In its next annual report under Minnesota Statutes, section 174.37, subdivision 4, the advisory committee shall include a summary of the recommendations under this section and submit a copy to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. The report is subject to Minnesota Statutes, section 3.195.

40.1

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

APPENDIX
Article locations in 15-4537

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161.081 HIGHWAY USER TAX, DISTRIBUTION, INVESTMENT.

Subd. 3. **Flexible highway account; turnback accounts.** (a) The flexible highway account is created in the state treasury. Money in the account shall be used:

(1) in fiscal years 2009 and 2010, 100 percent of the excess sum, as calculated in paragraph (i), and in fiscal years 2011 and thereafter, 50 percent of the excess sum, as calculated in paragraph (i), for counties in the metropolitan area, as defined in section 473.121, subdivision 4, but for the purposes of the calculation cities of the first class will be excluded in the metropolitan area; and

(2) of the amount available in the flexible highway account less the amount under clause (1), as determined by the commissioner under this section for:

(i) restoration of former trunk highways that have reverted to counties or to statutory or home rule charter cities, or for trunk highways that will be restored and subsequently turned back by agreement between the commissioner and the local road authority;

(ii) safety improvements on county highways, municipal highways, streets, or town roads; and

(iii) routes of regional significance.

(b) For purposes of this subdivision, "restoration" means the level of effort required to improve the route that will be turned back to an acceptable condition as determined by agreement made between the commissioner and the county or city before the route is turned back.

(c) The commissioner shall review the need for funds to restore highways that have been or will be turned back. The commissioner shall determine, on a biennial basis, the percentage of funds in the flexible highway account to be distributed to each district, and within each district the percentage to be used for each of the purposes specified in paragraph (a). Money in the account may be used for safety improvements and routes of regional significance only after money is set aside to restore the identified turnbacks. The commissioner shall make these determinations only after meeting and holding discussions with committees selected by the statewide associations of both county commissioners and municipal officials. The commissioner shall, to the extent feasible, annually allocate 50 percent of the funds in the flexible highway account to the department's metropolitan district, and 50 percent to districts in greater Minnesota.

(d) Money that will be used for the restoration of trunk highways that have reverted or that will revert to cities must be deposited in the municipal turnback account, which is created in the state treasury.

(e) Money that will be used for the restoration of trunk highways that have reverted or that will revert to counties must be deposited in the county turnback account, which is created in the state treasury.

(f) Money that will be used for safety improvements must be deposited in the highway safety improvement account, which is created in the state treasury to be used as grants to statutory or home rule charter cities, towns, and counties to assist in paying the costs of constructing or reconstructing city streets, county highways, or town roads to reduce crashes, deaths, injuries, and property damage.

(g) Money that will be used for routes of regional significance must be deposited in the routes of regional significance account, which is created in the state treasury, and used as grants to statutory or home rule charter cities, towns, and counties to assist in paying the costs of constructing or reconstructing city streets, county highways, or town roads with statewide or regional significance that have not been fully funded through other state, federal, or local funding sources.

(h) As part of each biennial budget submission to the legislature, the commissioner shall describe how the money in the flexible highway account will be apportioned among the county turnback account, the municipal turnback account, the trunk highway fund for routes turned back to local governments by agreement, the highway safety improvement account, and the routes of regional significance account.

(i) The excess sum is calculated as the sum of revenue within the flexible highway account:

(1) attributed to that portion of the gasoline excise tax rate under section 296A.07, subdivision 3, in excess of 20 cents per gallon, and to that portion of the excise tax rates in excess of the energy equivalent of a gasoline excise tax rate of 20 cents per gallon for E85 and M85 under section 296A.07, subdivision 3, and special fuel under section 296A.08, subdivision 2;

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

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(3) attributed to that portion of the motor vehicle sales tax revenue in excess of the percentage allocated to the flexible highway account in fiscal year 2007.

(j) For purposes of this subdivision, the United States Consumer Price Index identified in paragraph (i), clause (2), is for all urban consumers, United States city average, as determined by the United States Department of Labor.

473.4051 LIGHT RAIL TRANSIT CONSTRUCTION AND OPERATION.

Subd. 2. **Operating costs.** After operating revenue and federal money have been used to pay for light rail transit operations, 50 percent of the remaining operating costs must be paid by the state.