

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 1857

(SENATE AUTHORS: DIBBLE, Franzen, Kent and Carlson)

DATE	D-PG	OFFICIAL STATUS
03/06/2017	1079	Introduction and first reading
		Referred to Transportation Finance and Policy
03/13/2017	1373	Authors added Franzen; Kent; Carlson

1.1 A bill for an act

1.2 relating to transportation finance; amending provisions governing transportation

1.3 finance; establishing gross receipts motor fuels tax; amending vehicle registration

1.4 tax and metropolitan area transit sales tax; amending distribution of highway user

1.5 fund and state-aid funding; modifying various fees and charges; modifying fiscal

1.6 policies; requiring reports; authorizing sale and issuance of trunk highway bonds;

1.7 appropriating money; amending Minnesota Statutes 2016, sections 115A.908;

1.8 161.081, subdivision 1; 161.082, subdivision 1, by adding a subdivision; 161.083;

1.9 161.46, subdivision 2; 168.012, subdivision 1c; 168.013, subdivisions 1a, 8; 168.12,

1.10 subdivisions 1, 2, 2b, 2c, 2d, 2e, 2g, 5; 168.121, subdivision 1; 168.123, subdivision

1.11 1; 168.1235, subdivision 1; 168.1255, subdivision 1; 168.128, subdivision 2;

1.12 168.1291, subdivision 4; 168.1295, subdivision 1; 168.1296, subdivision 1;

1.13 168.1297, subdivision 1; 168.1298, subdivision 1; 168.1299, subdivision 1; 168.27,

1.14 subdivision 22; 168.31, by adding a subdivision; 168.33, subdivisions 2, 7; 168.62,

1.15 subdivision 3; 174.42, by adding a subdivision; 174.50, by adding a subdivision;

1.16 296A.061; 296A.11; 296A.12; 296A.16; 296A.18, subdivisions 2, 3, 4, 5, 6, 7;

1.17 297A.815, subdivision 3; 297A.992, subdivisions 1, 4, 5, 6; 297B.09, subdivision

1.18 1; 473.167; Laws 2014, chapter 312, article 11, section 33; proposing coding for

1.19 new law in Minnesota Statutes, chapters 161; 174; 219; 296A; 297A; repealing

1.20 Minnesota Statutes 2016, sections 161.081, subdivision 3; 473.4051, subdivision

1.21 2.

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

1.23 **ARTICLE 1**

1.24 **TRANSPORTATION AND PUBLIC SAFETY APPROPRIATIONS**

1.25 Section 1. **SUMMARY OF APPROPRIATIONS.**

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

1.27 this article.

	<u>2018</u>	<u>2019</u>	<u>Total</u>
1.28 <u>General</u>	\$ 113,399,000	\$ 102,079,000	\$ 215,478,000
1.29 <u>Airports</u>	25,109,000	25,109,000	50,218,000

2.1	<u>C.S.A.H.</u>	<u>771,437,000</u>	<u>850,253,000</u>	<u>1,621,690,000</u>
2.2	<u>M.S.A.S.</u>	<u>210,467,000</u>	<u>237,802,000</u>	<u>448,269,000</u>
2.3	<u>Special Revenue</u>	<u>121,566,000</u>	<u>122,336,000</u>	<u>243,902,000</u>
2.4	<u>H.U.T.D.</u>	<u>2,426,000</u>	<u>2,435,000</u>	<u>4,861,000</u>
2.5	<u>Trunk Highway</u>	<u>3,112,418,000</u>	<u>2,000,895,000</u>	<u>6,453,327,000</u>
2.6	<u>Total</u>	<u>\$ 3,112,418,000</u>	<u>\$ 3,340,909,000</u>	<u>\$ 6,453,327,000</u>

2.7 **Sec. 2. TRANSPORTATION APPROPRIATIONS.**

2.8 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
 2.9 and for the purposes specified in this article. The appropriations are from the trunk highway
 2.10 fund, or another named fund, and are available for the fiscal years indicated for each purpose.
 2.11 The figures "2018" and "2019" used in this article mean that the appropriations listed under
 2.12 them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively.
 2.13 "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium"
 2.14 is fiscal years 2018 and 2019.

2.15 **Sec. 3. DEPARTMENT OF**
 2.16 **TRANSPORTATION.**

2.17 **Subdivision 1. Total Appropriation** **\$ 2,887,516,000** **\$ 3,103,578,000**

2.18	<u>Appropriations by Fund</u>		
2.19		<u>2018</u>	<u>2019</u>
2.20	<u>General</u>	<u>47,973,000</u>	<u>27,153,000</u>
2.21	<u>Airports</u>	<u>25,109,000</u>	<u>25,109,000</u>
2.22	<u>C.S.A.H.</u>	<u>771,167,000</u>	<u>850,253,000</u>
2.23	<u>M.S.A.S.</u>	<u>210,467,000</u>	<u>237,802,000</u>
2.24	<u>Special Revenue</u>	<u>60,002,000</u>	<u>60,002,000</u>
2.25	<u>Trunk Highway</u>	<u>1,772,798,000</u>	<u>1,903,259,000</u>

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

2.29 **Subd. 2. Multimodal Systems**

2.30 **(a) Aeronautics**

2.31 **(1) Airport Development and Assistance** **19,798,000** **19,798,000**

2.32 This appropriation is from the state airports
 2.33 fund and must be spent according to

3.1 Minnesota Statutes, section 360.305,
 3.2 subdivision 4.

3.3 The base appropriation for fiscal years 2020
 3.4 and 2021 is \$14,298,000 for each year.

3.5 Notwithstanding Minnesota Statutes, section
 3.6 16A.28, subdivision 6, the amounts
 3.7 appropriated in each fiscal year are available
 3.8 until June 30, 2024. If the appropriation for
 3.9 either year is insufficient, the appropriation
 3.10 for the other year is available for it.

3.11 **(2) Aviation Support and Services** 6,661,000 6,661,000

3.12 Appropriations by Fund

3.13 Airports 5,311,000 5,311,000

3.14 Trunk Highway 1,350,000 1,350,000

3.15 \$80,000 in each year is from the state airports
 3.16 fund for the Civil Air Patrol.

3.17 **(3) Airplane Purchase** 5,000,000 -0-

3.18 This appropriation is from the general fund to
 3.19 be used in conjunction with proceeds of the
 3.20 sale of an existing airplane for the replacement
 3.21 of one state airplane.

3.22 **(b) Transit** 27,543,000 27,567,000

3.23 Appropriations by Fund

3.24 General 23,745,000 23,745,000

3.25 Trunk Highway 798,000 822,000

3.26 Special Revenue 3,000,000 3,000,000

3.27 \$100,000 in each year is from the general fund
 3.28 for the administrative expenses of the
 3.29 Minnesota Council on Transportation Access
 3.30 under Minnesota Statutes, section 174.285.

3.31 \$500,000 in each year is from the general fund
 3.32 for noninfrastructure activities in the safe

4.1 routes to school program under Minnesota
 4.2 Statutes, section 174.40, subdivision 7a.

4.3 The base appropriation from the general fund
 4.4 for fiscal years 2020 and 2021 is \$21,245,000
 4.5 in each year.

4.6 \$3,000,000 in each year is from the greater
 4.7 Minnesota active transportation account in the
 4.8 special revenue fund under Minnesota
 4.9 Statutes, section 174.38. This is a onetime
 4.10 appropriation.

4.11 **(c) Passenger Rail** 500,000 500,000

4.12 This appropriation is from the general fund
 4.13 for passenger rail system planning, alternatives
 4.14 analysis, environmental analysis, design, and
 4.15 preliminary engineering under Minnesota
 4.16 Statutes, sections 174.632 to 174.636.

4.17 **(d) Freight** 5,300,000 5,452,000

4.18 Appropriations by Fund

4.19 General 256,000 256,000

4.20 Trunk Highway 5,044,000 5,196,000

4.21 **Subd. 3. State Roads**

4.22 **(a) Operations and Maintenance** 284,030,000 297,185,000

4.23 **(b) Program Planning and Delivery** 249,214,000 263,625,000

4.24 \$130,000 in each year is available for
 4.25 administrative costs of the targeted group
 4.26 business program.

4.27 \$300,000 in fiscal year 2018 is for grants to
 4.28 implement enhanced organizational
 4.29 effectiveness and innovation review under
 4.30 article 8, section 9.

4.31 \$266,000 in each year is available for grants
 4.32 to metropolitan planning organizations outside
 4.33 the seven-county metropolitan area.

5.1 \$75,000 in each year is available for a
5.2 transportation research contingent account to
5.3 finance research projects that are reimbursable
5.4 from the federal government or from other
5.5 sources. If the appropriation for either year is
5.6 insufficient, the appropriation for the other
5.7 year is available for it.

5.8 \$900,000 in each year is available for grants
5.9 for transportation studies outside the
5.10 metropolitan area to identify critical concerns,
5.11 problems, and issues. These grants are
5.12 available: (1) to regional development
5.13 commissions; (2) in regions where no regional
5.14 development commission is functioning, to
5.15 joint powers boards established under
5.16 agreement of two or more political
5.17 subdivisions in the region to exercise the
5.18 planning functions of a regional development
5.19 commission; and (3) in regions where no
5.20 regional development commission or joint
5.21 powers board is functioning, to the
5.22 department's district office for that region.

5.23 \$1,000,000 in each year is available for
5.24 management of contaminated and regulated
5.25 material on property owned by the Department
5.26 of Transportation, including mitigation of
5.27 property conveyances, facility acquisition or
5.28 expansion, chemical release at maintenance
5.29 facilities, and spills on the trunk highway
5.30 system where there is no known responsible
5.31 party. If the appropriation for either year is
5.32 insufficient, the appropriation for the other
5.33 year is available for it.

6.1 The base appropriation for program planning
 6.2 and delivery for fiscal years 2020 and 2021 is
 6.3 \$262,625,000 in each year.

6.4 **(c) State Road Construction** 967,480,000 1,025,905,000

6.5 It is estimated that these appropriations will
 6.6 be funded as follows:

6.7	<u>Appropriations by Fund</u>		
6.8	<u>Federal Highway Aid</u>	<u>455,970,000</u>	<u>462,570,000</u>
6.9	<u>Highway User Taxes</u>	<u>511,510,000</u>	<u>563,335,000</u>

6.10 The commissioner of transportation shall
 6.11 notify the chairs and ranking minority
 6.12 members of the legislative committees with
 6.13 jurisdiction over transportation finance of any
 6.14 significant events that should cause these
 6.15 estimates to change.

6.16 This appropriation is for the actual
 6.17 construction, reconstruction, and improvement
 6.18 of trunk highways, including design-build
 6.19 contracts and consultant usage to support these
 6.20 activities. This includes the cost of actual
 6.21 payment to landowners for lands acquired for
 6.22 highway rights-of-way, payment to lessees,
 6.23 interest subsidies, and relocation expenses.

6.24 The base appropriation for state road
 6.25 construction for fiscal years 2020 and 2021 is
 6.26 \$970,905,000 in each year.

6.27 \$10,000,000 in each year is for the
 6.28 transportation economic development program
 6.29 under Minnesota Statutes, section 174.12.

6.30 \$5,000,000 in the first year is for the
 6.31 construction of noise barriers on trunk
 6.32 highways.

6.33 The commissioner shall transfer \$2,000,000
 6.34 in the first year to the state right-of-way

7.1 acquisition loan account under Minnesota
7.2 Statutes, section 161.225.

7.3 The commissioner shall transfer \$50,000,000
7.4 in the first year and \$55,000,000 in the second
7.5 year to the county turnback account under
7.6 Minnesota Statutes, section 161.082.

7.7 The commissioner may expend up to one-half
7.8 of one percent of the federal appropriations
7.9 under this paragraph as grants to opportunity
7.10 industrialization centers and other nonprofit
7.11 job training centers for job training programs
7.12 related to highway construction.

7.13 The commissioner may transfer up to
7.14 \$15,000,000 each year to the transportation
7.15 revolving loan fund.

7.16 The commissioner may receive money
7.17 covering other shares of the cost of partnership
7.18 projects. These receipts are appropriated to
7.19 the commissioner for these projects.

7.20 The commissioner may expend an amount as
7.21 necessary for land acquisition on corridors of
7.22 commerce projects funded under article 2,
7.23 section 3.

7.24 **(d) Highway Debt Service** 197,519,000 240,307,000

7.25 \$188,019,000 in the first year and
7.26 \$230,807,000 in the second year are for
7.27 transfer to the state bond fund. If this
7.28 appropriation is insufficient to make all
7.29 transfers required in the year for which it is
7.30 made, the commissioner of management and
7.31 budget shall notify the senate Committee on
7.32 Finance and the house of representatives
7.33 Committee on Ways and Means of the amount
7.34 of the deficiency and shall then transfer that

8.1 amount under the statutory open appropriation.

8.2 Any excess appropriation cancels to the trunk

8.3 highway fund.

8.4 **(e) Electronic Communications** 5,326,000 5,486,000

8.5 Appropriations by Fund

8.6 General 3,000 3,000

8.7 Trunk Highway 5,323,000 5,483,000

8.8 The general fund appropriation is to equip and

8.9 operate the Roosevelt signal tower for Lake

8.10 of the Woods weather broadcasting.

8.11 **Subd. 4. Local Roads**

8.12 **(a) County State-Aid Roads** 771,167,000 850,253,000

8.13 This appropriation is from the county state-aid

8.14 highway fund under Minnesota Statutes,

8.15 section 161.081, and chapter 162.

8.16 Notwithstanding Minnesota Statutes, section

8.17 16A.28, subdivision 6, this appropriation is

8.18 available for six years after appropriation.

8.19 If the commissioner of transportation

8.20 determines that a balance remains in the

8.21 county state-aid highway fund following the

8.22 appropriations and transfers made in this

8.23 subdivision, and that the appropriations made

8.24 are insufficient for advancing county state-aid

8.25 highway projects, an amount necessary to

8.26 advance the projects, not to exceed the balance

8.27 in the county state-aid highway fund, is

8.28 appropriated in each year to the commissioner.

8.29 Within two weeks of a determination under

8.30 this contingent appropriation, the

8.31 commissioner of transportation shall notify

8.32 the commissioner of management and budget

8.33 and the chairs and ranking minority members

8.34 of the legislative committees with jurisdiction

9.1 over transportation finance concerning funds
 9.2 appropriated.

9.3 **(b) Municipal State-Aid Roads** 210,467,000 237,802,000

9.4 This appropriation is from the municipal
 9.5 state-aid street fund under Minnesota Statutes,
 9.6 chapter 162. Notwithstanding Minnesota
 9.7 Statutes, section 16A.28, subdivision 6, this
 9.8 appropriation is available for six years after
 9.9 appropriation.

9.10 If the commissioner of transportation
 9.11 determines that a balance remains in the
 9.12 municipal state-aid street fund following the
 9.13 appropriations made in this subdivision, and
 9.14 that the appropriations made are insufficient
 9.15 for advancing municipal state-aid street
 9.16 projects, an amount necessary to advance the
 9.17 projects, not to exceed the balance in the
 9.18 municipal state-aid street fund, is appropriated
 9.19 in each year to the commissioner. Within two
 9.20 weeks of a determination under this contingent
 9.21 appropriation, the commissioner of
 9.22 transportation shall notify the commissioner
 9.23 of management and budget and the chairs and
 9.24 ranking minority members of the legislative
 9.25 committees with jurisdiction over
 9.26 transportation finance concerning funds
 9.27 appropriated.

9.28 **(c) City Streets and Bridges** 57,002,000 57,002,000

9.29 \$28,501,000 in each year is appropriated from
 9.30 the small city streets and bridges account in
 9.31 the special revenue fund under Minnesota
 9.32 Statutes, section 174.54, subdivision 1.

9.33 \$28,501,000 in each year is appropriated from
 9.34 the larger city streets and bridges account in

10.1	<u>the special revenue fund under Minnesota</u>		
10.2	<u>Statutes, section 174.54, subdivision 2.</u>		
10.3	<u>(d) Local Bridge Replacement and Rehabilitation</u>	<u>10,750,000</u>	<u>-0-</u>
10.4	<u>This appropriation is from the general fund to</u>		
10.5	<u>match federal money and to replace or</u>		
10.6	<u>rehabilitate local deficient bridges as provided</u>		
10.7	<u>in Minnesota Statutes, section 174.50. To the</u>		
10.8	<u>extent practicable, the commissioner shall</u>		
10.9	<u>expend the funds as provided under Minnesota</u>		
10.10	<u>Statutes, section 174.50, subdivision 6b or 6c.</u>		
10.11	<u>This is a onetime appropriation.</u>		
10.12	<u>(e) Pedestrian, Bicycle, and Safe Routes to</u>		
10.13	<u>Schools</u>	<u>2,500,000</u>	<u>2,500,000</u>
10.14	<u>This appropriation is from the general fund</u>		
10.15	<u>for infrastructure activities in the safe routes</u>		
10.16	<u>to school program under Minnesota Statutes,</u>		
10.17	<u>section 174.40, and grants for other bicycle</u>		
10.18	<u>and pedestrian infrastructure that encourages</u>		
10.19	<u>active transportation choices.</u>		
10.20	<u>(f) Highways on Tribal Lands</u>	<u>5,000,000</u>	<u>-0-</u>
10.21	<u>This appropriation is from the general fund</u>		
10.22	<u>for the purposes of maintenance, design, or</u>		
10.23	<u>construction of highways on tribal lands.</u>		
10.24	<u>Subd. 5. Agency Management</u>		
10.25	<u>(a) Agency Services</u>	<u>42,722,000</u>	<u>43,519,000</u>
10.26	<u>(b) Buildings</u>	<u>18,772,000</u>	<u>19,321,000</u>
10.27	<u>Appropriations by Fund</u>		
10.28	<u>General</u>	<u>54,000</u>	<u>54,000</u>
10.29	<u>Trunk Highway</u>	<u>18,718,000</u>	<u>19,267,000</u>
10.30	<u>Any money appropriated to the commissioner</u>		
10.31	<u>of transportation for building construction for</u>		
10.32	<u>any fiscal year before 2018 is available to the</u>		
10.33	<u>commissioner of transportation during the</u>		
10.34	<u>biennium to the extent that the commissioner</u>		

11.1 spends the money on the building construction
 11.2 projects for which the money was originally
 11.3 encumbered during the fiscal year for which
 11.4 it was appropriated.

11.5 If the appropriation for either year is
 11.6 insufficient, the appropriation for the other
 11.7 year is available for it.

11.8	<u>(c) Tort Claims</u>	<u>600,000</u>	<u>600,000</u>
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11.9 If the appropriation for either year is
 11.10 insufficient, the appropriation for the other
 11.11 year is available for it.

11.12 **Subd. 6. Previous State Road Construction**
 11.13 **Appropriations**

11.14 Any money appropriated to the commissioner
 11.15 of transportation for state road construction
 11.16 for any fiscal year before the first year is
 11.17 available to the commissioner during the
 11.18 biennium to the extent that the commissioner
 11.19 spends the money on the state road
 11.20 construction project for which the money was
 11.21 originally encumbered during the fiscal year
 11.22 for which it was appropriated. The
 11.23 commissioner of transportation shall report to
 11.24 the commissioner of management and budget
 11.25 by August 1, 2017, and August 1, 2018, on a
 11.26 form the commissioner of management and
 11.27 budget provides, on expenditures made during
 11.28 the previous fiscal year that are authorized by
 11.29 this subdivision.

11.30 **Subd. 7. Contingent Appropriation**

11.31 The commissioner of transportation, with the
 11.32 approval of the governor and the written
 11.33 approval of at least five members of a group
 11.34 consisting of the members of the Legislative
 11.35 Advisory Commission under Minnesota

13.1	<u>2018</u>	<u>2019</u>		
13.2	<u>General</u>	<u>13,169,000</u>	<u>13,288,000</u>	
13.3	<u>Special Revenue</u>	<u>61,564,000</u>	<u>62,334,000</u>	
13.4	<u>H.U.T.D.</u>	<u>2,192,000</u>	<u>2,213,000</u>	
13.5	<u>Trunk Highway</u>	<u>95,816,000</u>	<u>98,236,000</u>	
13.6	<u>The amounts that may be spent for each</u>			
13.7	<u>purpose are specified in the following</u>			
13.8	<u>subdivisions.</u>			
13.9	<u>Subd. 2. Administration and Related Services</u>			
13.10	<u>(a) Office of Communications</u>		<u>517,000</u>	<u>530,000</u>
13.11	<u>Appropriations by Fund</u>			
13.12	<u>General</u>	<u>113,000</u>	<u>115,000</u>	
13.13	<u>Trunk Highway</u>	<u>404,000</u>	<u>415,000</u>	
13.14	<u>(b) Public Safety Support</u>		<u>8,715,000</u>	<u>8,804,000</u>
13.15	<u>Appropriations by Fund</u>			
13.16	<u>General</u>	<u>3,662,000</u>	<u>3,667,000</u>	
13.17	<u>H.U.T.D.</u>	<u>1,366,000</u>	<u>1,366,000</u>	
13.18	<u>Trunk Highway</u>	<u>3,687,000</u>	<u>3,771,000</u>	
13.19	<u>\$380,000 in each year is from the general fund</u>			
13.20	<u>for payment of public safety officer survivor</u>			
13.21	<u>benefits under Minnesota Statutes, section</u>			
13.22	<u>299A.44. If the appropriation for either year</u>			
13.23	<u>is insufficient, the appropriation for the other</u>			
13.24	<u>year is available for it.</u>			
13.25	<u>\$1,367,000 in each year is from the general</u>			
13.26	<u>fund to be deposited in the public safety</u>			
13.27	<u>officer's benefit account. This money is</u>			
13.28	<u>available for reimbursements under Minnesota</u>			
13.29	<u>Statutes, section 299A.465.</u>			
13.30	<u>\$600,000 in each year is from the general fund</u>			
13.31	<u>and \$100,000 in each year is from the trunk</u>			
13.32	<u>highway fund for soft body armor</u>			
13.33	<u>reimbursements under Minnesota Statutes,</u>			
13.34	<u>section 299A.38.</u>			

14.1	<u>(c) Technology and Support Service</u>		<u>3,685,000</u>	<u>3,685,000</u>
14.2	<u>Appropriations by Fund</u>			
14.3	<u>General</u>	<u>1,322,000</u>	<u>1,322,000</u>	
14.4	<u>H.U.T.D.</u>	<u>19,000</u>	<u>19,000</u>	
14.5	<u>Trunk Highway</u>	<u>2,344,000</u>	<u>2,344,000</u>	
14.6	<u>Subd. 3. State Patrol</u>			
14.7	<u>(a) Patrolling Highways</u>		<u>81,756,000</u>	<u>83,857,000</u>
14.8	<u>Appropriations by Fund</u>			
14.9	<u>General</u>	<u>37,000</u>	<u>37,000</u>	
14.10	<u>H.U.T.D.</u>	<u>807,000</u>	<u>828,000</u>	
14.11	<u>Trunk Highway</u>	<u>80,912,000</u>	<u>82,992,000</u>	
14.12	<u>\$707,000 in the first year and \$720,000 in the</u>			
14.13	<u>second year are from the highway user tax</u>			
14.14	<u>distribution fund for the Vehicle Crimes Unit</u>			
14.15	<u>to investigate: (1) registration tax and motor</u>			
14.16	<u>vehicle sales tax liabilities from individuals</u>			
14.17	<u>and businesses that currently do not pay all</u>			
14.18	<u>taxes owed; and (2) illegal or improper activity</u>			
14.19	<u>related to sale, transfer, titling, and registration</u>			
14.20	<u>of motor vehicles.</u>			
14.21	<u>\$500,000 is appropriated from the trunk</u>			
14.22	<u>highway fund in fiscal year 2018 to assist in</u>			
14.23	<u>the purchase of a single engine aircraft for the</u>			
14.24	<u>State Patrol.</u>			
14.25	<u>(b) Commercial Vehicle Enforcement</u>		<u>8,023,000</u>	<u>8,257,000</u>
14.26	<u>(c) Capitol Security</u>		<u>8,035,000</u>	<u>8,147,000</u>
14.27	<u>This appropriation is from the general fund.</u>			
14.28	<u>The commissioner may not: (1) spend any</u>			
14.29	<u>money from the trunk highway fund for</u>			
14.30	<u>capitol security; or (2) permanently transfer</u>			
14.31	<u>any state trooper from the patrolling highways</u>			
14.32	<u>activity to capitol security.</u>			
14.33	<u>The commissioner may not transfer any money</u>			
14.34	<u>appropriated to the commissioner under this</u>			

15.1	<u>section: (1) to capitol security; or (2) from</u>		
15.2	<u>capitol security.</u>		
15.3	<u>Subd. 4. Driver and Vehicle Services</u>		
15.4	<u>(a) Vehicle Services</u>	<u>30,027,000</u>	<u>30,291,000</u>
15.5	<u>This appropriation is from the vehicle services</u>		
15.6	<u>operating account in the special revenue fund.</u>		
15.7	<u>(b) Driver Services</u>	<u>30,166,000</u>	<u>30,655,000</u>
15.8	<u>This appropriation is from the driver services</u>		
15.9	<u>operating account in the special revenue fund.</u>		
15.10	<u>Subd. 5. Traffic Safety</u>	<u>446,000</u>	<u>457,000</u>
15.11	<u>The commissioner of public safety shall spend</u>		
15.12	<u>50 percent of the money available to the state</u>		
15.13	<u>under United States Code, title 23, section 164,</u>		
15.14	<u>and the remaining 50 percent must be</u>		
15.15	<u>transferred to the commissioner of</u>		
15.16	<u>transportation for hazard elimination activities</u>		
15.17	<u>under United States Code, title 23, section 152.</u>		
15.18	<u>Subd. 6. Pipeline Safety</u>	<u>1,371,000</u>	<u>1,388,000</u>
15.19	<u>This appropriation is from the pipeline safety</u>		
15.20	<u>account in the special revenue fund.</u>		
15.21	<u>Sec. 6. DEPARTMENT OF REVENUE</u>	<u>\$ 234,000</u>	<u>\$ 222,000</u>
15.22	<u>\$234,000 in fiscal year 2018 and \$222,000 in</u>		
15.23	<u>fiscal year 2019 are appropriated from the</u>		
15.24	<u>highway user tax distribution fund to the</u>		
15.25	<u>commissioner of revenue for tax system</u>		
15.26	<u>management costs.</u>		
15.27	<u>Sec. 7. TRANSFER</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
15.28	<u>\$3,000,000 in fiscal year 2018 and \$3,000,000</u>		
15.29	<u>in fiscal year 2019 are transferred from the</u>		
15.30	<u>general fund to the greater Minnesota active</u>		
15.31	<u>transportation account in the special revenue</u>		

16.1 fund under Minnesota Statutes, section 174.38.

16.2 These are onetime transfers.

16.3 **Sec. 8. APPROPRIATION.**

16.4 (a) \$8,000 in fiscal year 2018 and \$8,000 in fiscal year 2019 are appropriated from the
16.5 general fund to the Legislative Coordinating Commission for expenses related to the road-user
16.6 charge working group.

16.7 (b) \$165,000 in fiscal year 2018 and \$95,000 in fiscal year 2019 are appropriated from
16.8 the general fund to the commissioner of transportation for administrative expenses related
16.9 to the road-user charge working group, including the costs of consultants.

16.10 **ARTICLE 2**

16.11 **TRUNK HIGHWAY BONDING**

16.12 **Section 1. BOND SALE AUTHORIZATION.**

16.13 To provide the money appropriated in this article from the bond proceeds account in the
16.14 trunk highway fund, the commissioner of management and budget shall sell and issue bonds
16.15 of the state in an amount up to \$1,001,000,000 in the manner, upon the terms, and with the
16.16 effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota
16.17 Constitution, article XIV, section 11, at the times and in the amounts requested by the
16.18 commissioner of transportation. The proceeds of the bonds, except accrued interest and any
16.19 premium received from the sale of the bonds, must be deposited in the bond proceeds account
16.20 in the trunk highway fund.

16.21 **Sec. 2. BOND APPROPRIATIONS.**

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

16.29 **SUMMARY**

16.30	<u>Department of Transportation</u>	<u>\$ 1,000,000,000</u>
16.31	<u>Department of Management and Budget</u>	<u>1,000,000</u>
16.32	<u>TOTAL</u>	<u>\$ 1,001,000,000</u>

17.1

APPROPRIATIONS

17.2 **Sec. 3. DEPARTMENT OF**
17.3 **TRANSPORTATION CORRIDORS OF**
17.4 **COMMERCE**

\$ 800,000,000

17.5 (a) The appropriation in this section is to the
17.6 commissioner of transportation for the
17.7 corridors of commerce program under
17.8 Minnesota Statutes, section 161.088, and is
17.9 available in the amounts of \$200,000,000 in
17.10 each fiscal year from 2018 to 2021. The
17.11 commissioner may use up to 17 percent of the
17.12 amount each year for program delivery.

17.13 (b) In any fiscal year covered by this
17.14 appropriation, the commissioner may identify
17.15 projects based on previous selection processes
17.16 or may perform a new selection.

17.17 (c) The appropriation in this section cancels
17.18 as specified under Minnesota Statutes, section
17.19 16A.642, except that the commissioner of
17.20 management and budget shall count the start
17.21 of authorization for issuance of state bonds as
17.22 the first day of the fiscal year during which
17.23 the bonds are available to be issued as
17.24 specified under paragraph (a), and not as the
17.25 date of enactment of this section.

17.26 **Sec. 4. TRANSPORTATION ECONOMIC**
17.27 **DEVELOPMENT PROGRAM**

\$ 200,000,000

17.28 (a) This appropriation is for the transportation
17.29 economic development program under
17.30 Minnesota Statutes, section 174.12, and is
17.31 available in the amounts of \$50,000,000 in
17.32 each fiscal year from 2018 to 2021. The
17.33 commissioner may use up to 17 percent of the
17.34 amount each year for program delivery.

18.1 (b) The appropriation in this section cancels
 18.2 as specified under Minnesota Statutes, section
 18.3 16A.642, except that the commissioner of
 18.4 management and budget shall count the start
 18.5 of authorization for issuance of state bonds as
 18.6 the first day of the fiscal year during which
 18.7 the bonds are available to be issued as
 18.8 specified under paragraph (a), and not as the
 18.9 date of enactment of this section.

18.10 **Sec. 5. STATE ROAD CONSTRUCTION** **\$ 200,000,000**

18.11 (a) The appropriation in this section is to the
 18.12 commissioner of transportation for the actual
 18.13 construction, reconstruction, and improvement
 18.14 of trunk highways, and is available in the
 18.15 amounts of \$50,000,000 in each fiscal year
 18.16 from 2018 to 2021. The commissioner may
 18.17 use up to 17 percent of the amount each year
 18.18 for program delivery.

18.19 (b) The appropriation in this section cancels
 18.20 as specified under Minnesota Statutes, section
 18.21 16A.642, except that the commissioner of
 18.22 management and budget shall count the start
 18.23 of authorization for issuance of state bonds as
 18.24 the first day of the fiscal year during which
 18.25 the bonds are available to be issued as
 18.26 specified under paragraph (a), and not as the
 18.27 date of enactment of this section.

18.28 **Sec. 6. BOND SALE EXPENSES** **\$ 1,200,000**

18.29 This appropriation is to the commissioner of
 18.30 management and budget for bond sale
 18.31 expenses under Minnesota Statutes, sections
 18.32 16A.641, subdivision 8, and 167.50,
 18.33 subdivision 4, and is available in the amounts

19.1 of \$300,000 in each fiscal year from 2018 to
19.2 2021.

19.3 Sec. 7. **EFFECTIVE DATE.**

19.4 This article is effective July 1, 2017.

19.5 **ARTICLE 3**

19.6 **GROSS RECEIPTS TAX**

19.7 Section 1. Minnesota Statutes 2016, section 296A.061, is amended to read:

19.8 **296A.061 CANCELLATION OR NONRENEWAL OF LICENSES.**

19.9 The commissioner may cancel a license or not renew a license if one of the following
19.10 conditions occurs:

19.11 (1) the license holder has not filed a petroleum tax return or report for at least one year;

19.12 (2) the license holder has not filed a gross receipts tax return for at least one year;

19.13 (3) the license holder has not reported any petroleum tax liability or gross receipts tax
19.14 liability on the license holder's returns or reports for at least one year; or

19.15 ~~(3)~~ (4) the license holder requests cancellation of the license.

19.16 Sec. 2. **[296A.085] MOTOR FUELS GROSS RECEIPTS TAX.**

19.17 Subdivision 1. **Imposition.** A tax is imposed on the wholesale business of selling the
19.18 means or substance used for propelling vehicles on the highways of this state. The tax is
19.19 imposed at the rate of 6.5 percent of gross receipts derived by a distributor from the first
19.20 sale at wholesale of gasoline, gasoline blended with ethanol, agricultural alcohol gasoline,
19.21 and special fuels within this state for use in motor vehicles.

19.22 Subd. 2. **Exemptions.** Subdivision 1 does not apply to gasoline, denatured ethanol,
19.23 special fuel, or alternative fuel purchased by an entity described in section 296A.07,
19.24 subdivision 4, or 296A.08, subdivision 3.

19.25 Subd. 3. **Conversion of tax rate.** (a) Annually on or before August 1, the commissioner
19.26 shall determine the applicable gross receipts motor fuels tax rate per gallon. The tax per
19.27 gallon shall be the greater of either:

19.28 (1) 6.5 percent of \$2.50; or

20.1 (2) 6.5 percent of the prior fiscal year's average wholesale gasoline price per gallon in
 20.2 Minnesota for all grades by refiners, as published by the United States Energy Information
 20.3 Administration and rounded to the nearest tenth of a cent per gallon. The wholesale price
 20.4 used must not include any tax or fee assessed by the state of Minnesota or the United States
 20.5 government.

20.6 (b) The announced rate is effective for a 12-month period consisting of the next October
 20.7 1 to September 30. The commissioner shall publish on the department's Web site the total
 20.8 of the gross receipts tax and the excise tax.

20.9 Subd. 4. **Administrative provisions.** Except as otherwise provided in this chapter, the
 20.10 relevant audit, assessment, refund, penalty, interest, enforcement, collection remedies,
 20.11 appeal, and administrative provisions of chapter 289A apply to taxes imposed under this
 20.12 section.

20.13 Subd. 5. **Deposit of revenues.** The commissioner shall deposit the revenues from the
 20.14 gross receipts tax into the highway user tax distribution fund.

20.15 **EFFECTIVE DATE.** This section is effective October 1, 2017, and applies to gross
 20.16 receipts attributable to the described products and derived by a distributor on or after that
 20.17 date.

20.18 Sec. 3. Minnesota Statutes 2016, section 296A.11, is amended to read:

20.19 **296A.11 SELLER MAY COLLECT TAX.**

20.20 A person who directly or indirectly pays a gasoline or special fuel tax or motor fuels
 20.21 gross receipts tax as provided in this chapter and who does not in fact use the gasoline or
 20.22 special fuel in motor vehicles in this state or receive, store, or withdraw it from storage to
 20.23 be used personally for the purpose of producing or generating power for propelling aircraft,
 20.24 but sells or otherwise disposes of the same, except as provided in section 296A.16,
 20.25 subdivision 3, is hereby authorized to collect, from the person to whom the gasoline or
 20.26 special fuel is so sold or disposed of, the tax so paid, and is hereby required, upon request,
 20.27 to make, sign, and deliver to such person an invoice of such sale or disposition. The sums
 20.28 collected must be held as a special fund in trust for the state of Minnesota.

20.29 Sec. 4. Minnesota Statutes 2016, section 296A.12, is amended to read:

20.30 **296A.12 GASOLINE AND SPECIAL FUEL TAX AND MOTOR FUELS GROSS**
 20.31 **RECEIPTS TAX IN LIEU OF OTHER TAXES.**

21.1 Gasoline and special fuel excise taxes and motor fuels gross receipts tax shall be in lieu
 21.2 of all other taxes imposed upon the business of selling or dealing in gasoline or special fuel,
 21.3 whether imposed by the state or by any of its political subdivisions, but are in addition to
 21.4 all ad valorem taxes now imposed by law. Nothing in this chapter is construed as prohibiting
 21.5 the governing body of any city of this state from licensing and regulating ~~such~~ a business
 21.6 where its authority is conferred by state law or city charter.

21.7 Sec. 5. Minnesota Statutes 2016, section 296A.16, is amended to read:

21.8 **296A.16 REFUND OR CREDIT.**

21.9 Subdivision 1. **Credit or refund of gasoline or special fuel tax paid.** The commissioner
 21.10 shall allow the distributor credit or refund of the excise and motor fuels gross receipts tax
 21.11 paid on gasoline and special fuel:

21.12 (1) exported or sold for export from the state, other than in the supply tank of a motor
 21.13 vehicle or of an aircraft;

21.14 (2) sold to the United States government to be used exclusively in performing its
 21.15 governmental functions and activities or to any "cost plus a fixed fee" contractor employed
 21.16 by the United States government on any national defense project;

21.17 (3) if the fuel is placed in a tank used exclusively for residential heating;

21.18 (4) destroyed by accident while in the possession of the distributor;

21.19 (5) in error;

21.20 (6) in the case of gasoline only, sold for storage in an on-farm bulk storage tank, if the
 21.21 tax was not collected on the sale; and

21.22 (7) in such other cases as the commissioner may permit, consistent with the provisions
 21.23 of this chapter and other laws relating to the gasoline and special fuel excise taxes.

21.24 Subd. 2. **Fuel used in other vehicle; claim for refund.** Any person who buys and uses
 21.25 gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles except as
 21.26 provided in clause (2), or motorboats, or special fuel for a qualifying purpose other than
 21.27 use in licensed motor vehicles, and who paid the excise or gross receipts tax directly or
 21.28 indirectly through the amount of the tax being included in the price of the gasoline or special
 21.29 fuel, or otherwise, shall be reimbursed and repaid the amount of the tax paid upon filing
 21.30 with the commissioner a claim for refund in the form and manner prescribed by the
 21.31 commissioner, and containing the information the commissioner shall require. By signing
 21.32 any such claim which is false or fraudulent, the applicant shall be subject to the penalties

22.1 provided in this chapter for knowingly making a false claim. The claim shall set forth the
22.2 total amount of the gasoline so purchased and used by the applicant other than in motor
22.3 vehicles, or special fuel purchased and used by the applicant other than in licensed motor
22.4 vehicles, and shall state when and for what purpose it was used. When a claim contains an
22.5 error in computation or preparation, the commissioner is authorized to adjust the claim in
22.6 accordance with the evidence shown on the claim or other information available to the
22.7 commissioner. The commissioner, on being satisfied that the claimant is entitled to the
22.8 payments, shall approve the claim and transmit it to the commissioner of management and
22.9 budget. The words "gasoline" or "special fuel" as used in this subdivision do not include
22.10 aviation gasoline or special fuel for aircraft. Gasoline or special fuel bought and used for a
22.11 "qualifying purpose" means:

22.12 (1) Gasoline or special fuel used in carrying on a trade or business, used on a farm
22.13 situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose" have
22.14 the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue Code
22.15 as defined in section 289A.02, subdivision 7.

22.16 (2) Gasoline or special fuel used for off-highway business use.

22.17 (i) "Off-highway business use" means any use off the public highway by a person in
22.18 that person's trade, business, or activity for the production of income.

22.19 (ii) Off-highway business use includes use of a passenger snowmobile off the public
22.20 highways as part of the operations of a resort as defined in section 157.15, subdivision 11;
22.21 and use of gasoline or special fuel to operate a power takeoff unit on a vehicle, but not
22.22 including fuel consumed during idling time.

22.23 (iii) Off-highway business use does not include use as a fuel in a motor vehicle which,
22.24 at the time of use, is registered or is required to be registered for highway use under the
22.25 laws of any state or foreign country; or use of a licensed motor vehicle fuel tank in lieu of
22.26 a separate storage tank for storing fuel to be used for a qualifying purpose, as defined in
22.27 this section. Fuel purchased to be used for a qualifying purpose cannot be placed in the fuel
22.28 tank of a licensed motor vehicle and must be stored in a separate supply tank.

22.29 (3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles, manufactured
22.30 in Minnesota, and shipped by interstate carrier to destinations in other states or foreign
22.31 countries.

22.32 Subd. 3. **Destruction by accident; refund to dealer.** Notwithstanding the provisions
22.33 of subdivision 1, the commissioner shall allow a dealer a refund of:

23.1 (1) the tax paid by the distributor on, or gross receipts from the sale of, gasoline, undyed
23.2 diesel fuel, or undyed kerosene destroyed by accident while in the possession of the dealer;
23.3 or

23.4 (2) the tax paid by a distributor or special fuels dealer on, or gross receipts from the sale
23.5 of, other special fuels destroyed by accident while in the possession of the dealer.

23.6 Subd. 4. **Refrigerator units; refunds.** Notwithstanding the provisions of subdivision
23.7 1, the commissioner shall allow a special fuel dealer a refund of the tax paid on, or gross
23.8 receipts from the sale of, fuel sold directly into a supply tank of a refrigeration unit with a
23.9 separate engine and used exclusively by that refrigeration unit. A claim for refund may be
23.10 filed as provided in this section.

23.11 Subd. 4a. **Undyed kerosene; refunds.** Notwithstanding subdivision 1, the commissioner
23.12 shall allow a refund of the tax paid on, or gross receipts from the sale of, undyed kerosene
23.13 used exclusively for a purpose other than as fuel for a motor vehicle using the streets and
23.14 highways. To obtain a refund, the person making the sale to an end user must meet the
23.15 Internal Revenue Service requirements for sales from a blocked pump. A claim for a refund
23.16 may be filed as provided in this section.

23.17 Subd. 4b. **Racing gasoline; refunds.** Notwithstanding subdivision 1, the commissioner
23.18 shall allow a licensed distributor a refund of the tax paid on, or gross receipts from the sale
23.19 of, leaded gasoline of 110 octane or more that does not meet ASTM specification D4814
23.20 for gasoline and that is sold in bulk for use in nonregistered motor vehicles. A claim for a
23.21 refund may be filed as provided for in this section.

23.22 Subd. 5. **Qualifying service station credit.** Notwithstanding any other provision of law
23.23 to the contrary, the tax imposed on gasoline, undyed diesel fuel, or undyed kerosene, together
23.24 with the amount attributable to gross receipts tax on these fuels, delivered to a qualified
23.25 service station may not exceed, or must be reduced to, a rate not more than three cents per
23.26 gallon above the state tax rate imposed on such products sold by a service station in a
23.27 contiguous state located within the distance indicated in this subdivision. A distributor shall
23.28 be allowed a credit or refund for the amount of reduction computed in accordance with this
23.29 subdivision. For purposes of this subdivision, a "qualifying service station" means a service
23.30 station located within 7.5 miles, measured by the shortest route by public road, from a
23.31 service station selling like product in the contiguous state.

23.32 Subd. 7. **Civil penalty for filing false claim.** A person who violates section 296A.23,
23.33 subdivision 1, shall forfeit the full amount of the claim. In addition, a person who is convicted
23.34 under section 296A.23 for filing a false statement or claim shall, in addition to any criminal

24.1 penalties imposed, be prohibited from filing with the commissioner any claim for refund
24.2 upon gasoline purchased within six months after such conviction.

24.3 Subd. 8. **Appropriation.** There is appropriated to the persons entitled to refund or credit
24.4 under this section, from the fund or account in the state treasury to which the money was
24.5 credited, an amount sufficient to make the credit or refund.

24.6 Sec. 6. Minnesota Statutes 2016, section 296A.18, subdivision 2, is amended to read:

24.7 Subd. 2. **Motorboat.** Approximately 1-1/2 percent of all gasoline received in this state
24.8 and 1-1/2 percent of all gasoline produced or brought into this state, except gasoline used
24.9 for aviation purposes, is being used as fuel for the operation of motorboats on the waters
24.10 of this state and of the total revenue derived from the imposition of the gasoline fuel tax
24.11 and motor fuels gross receipts tax on gasoline for uses other than for aviation purposes,
24.12 1-1/2 percent of the revenue is the amount of tax on fuel used in motorboats operated on
24.13 the waters of this state. The amount of unrefunded tax paid on gasoline used for motor boat
24.14 purposes as computed in this chapter shall be paid into the state treasury and credited to a
24.15 water recreation account in the special revenue fund for acquisition, development,
24.16 maintenance, and rehabilitation of sites for public access and boating facilities on public
24.17 waters; lake and river improvement; and boat and water safety.

24.18 Sec. 7. Minnesota Statutes 2016, section 296A.18, subdivision 3, is amended to read:

24.19 Subd. 3. **Snowmobile.** Approximately one percent of all gasoline received in and
24.20 produced or brought into this state, except gasoline used for aviation purposes, is being used
24.21 as fuel for the operation of snowmobiles in this state, and of the total revenue derived from
24.22 the imposition of the gasoline fuel tax and motor fuels gross receipts tax on gasoline for
24.23 uses other than for aviation purposes, one percent of such revenues is the amount of tax on
24.24 fuel used in snowmobiles operated in this state.

24.25 Sec. 8. Minnesota Statutes 2016, section 296A.18, subdivision 4, is amended to read:

24.26 Subd. 4. **All-terrain vehicle.** Approximately 0.27 of one percent of all gasoline received
24.27 in or produced or brought into this state, except gasoline used for aviation purposes, is being
24.28 used for the operation of all-terrain vehicles in this state, and of the total revenue derived
24.29 from the imposition of the gasoline fuel tax and motor fuels gross receipts tax on gasoline,
24.30 0.27 of one percent is the amount of tax on fuel used in all-terrain vehicles operated in this
24.31 state.

25.1 Sec. 9. Minnesota Statutes 2016, section 296A.18, subdivision 5, is amended to read:

25.2 Subd. 5. **Off-highway motorcycles.** Approximately 0.046 of one percent of all gasoline
25.3 received or produced in or brought into this state, except gasoline used for aviation purposes,
25.4 is being used for the operation of off-highway motorcycles in this state, and of the total
25.5 revenue derived from the imposition of the gasoline fuel tax and motor fuels gross receipts
25.6 tax on gasoline for uses other than for aviation purposes, 0.046 of one percent is the amount
25.7 of tax on fuel used in off-highway motorcycles operated in this state.

25.8 Sec. 10. Minnesota Statutes 2016, section 296A.18, subdivision 6, is amended to read:

25.9 Subd. 6. **Off-road vehicle.** Approximately 0.164 of one percent of all gasoline received
25.10 or produced in or brought into this state, except gasoline used for aviation purposes, is being
25.11 used for the off-road operation of off-road vehicles, as defined in section 84.797, in this
25.12 state, and of the total revenue derived from the imposition of the gasoline fuel tax and motor
25.13 fuels gross receipts tax on gasoline for uses other than aviation purposes, 0.164 of one
25.14 percent is the amount of tax on fuel used for off-road operation of off-road vehicles in this
25.15 state.

25.16 Sec. 11. Minnesota Statutes 2016, section 296A.18, subdivision 7, is amended to read:

25.17 Subd. 7. **Forest road.** Approximately 0.116 percent of the total annual unrefunded
25.18 revenue from the gasoline fuel tax and motor fuels gross receipts tax on gasoline on all
25.19 gasoline and special fuel received in, produced, or brought into this state, except gasoline
25.20 and special fuel used for aviation purposes, is derived from the operation of motor vehicles
25.21 on state forest roads and county forest access roads. This revenue, together with interest
25.22 and penalties for delinquency in payment, paid or collected pursuant to the provisions of
25.23 this chapter, is appropriated from the highway user tax distribution fund and must be
25.24 transferred and credited in equal installments on July 1 and January 1 to the state forest road
25.25 account established in section 89.70. Of this amount, 0.0605 percent is annually derived
25.26 from motor vehicles operated on state forest roads and 0.0555 percent is annually derived
25.27 from motor vehicles operated on county forest access roads in this state. An amount equal
25.28 to 0.0555 percent of the unrefunded revenue must be annually transferred to counties for
25.29 the management and maintenance of county forest roads.

25.30 Sec. 12. **REVISOR'S INSTRUCTION.**

25.31 In Minnesota Statutes, the revisor of statutes shall rename Minnesota Statutes, chapter
25.32 296A, to be "Tax on Petroleum and Other Fuels; Gross Receipts Tax."

26.1 **ARTICLE 4**

26.2 **VEHICLE REGISTRATION TAX**

26.3 Section 1. Minnesota Statutes 2016, section 168.013, subdivision 1a, is amended to read:

26.4 Subd. 1a. **Passenger automobile; hearse.** (a) On passenger automobiles as defined in
 26.5 section 168.002, subdivision 24, and hearses, except as otherwise provided, the tax shall be
 26.6 an amount equal to a combination of the following: \$10 for those vehicles with registration
 26.7 periods beginning on or before June 30, 2020; and \$20 for those vehicles with registration
 26.8 periods on or after July 1, 2020, plus an additional tax equal to ~~1.25~~ a percentage of 1.5
 26.9 percent of the base value as specified in paragraph (h).

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

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

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

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

	FROM	TO
26.23		
26.24	\$ 0	\$ 199.99
26.25	\$ 200	\$ 399.99

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

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

26.30 (g) The registrar shall establish the base value, when new, of every passenger automobile
 26.31 and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31,
 26.32 using list price information published by the manufacturer or any nationally recognized
 26.33 firm or association compiling such data for the automotive industry. If unable to ascertain

27.1 the base value of any registered vehicle in the foregoing manner, the registrar may use any
 27.2 other available source or method. The registrar shall calculate tax using base value
 27.3 information available to dealers and deputy registrars at the time the application for
 27.4 registration is submitted. The tax on all previously registered vehicles shall be computed
 27.5 upon the base value thus determined taking into account the depreciation provisions of
 27.6 paragraph (h).

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

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

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

27.19 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 27.20 applies to any tax for a registration period that begins on or after September 1, 2017.

27.21 **ARTICLE 5**

27.22 **METROPOLITAN TRANSIT IMPROVEMENT AREA SALES TAX**

27.23 Section 1. Minnesota Statutes 2016, section 297A.992, subdivision 1, is amended to read:

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

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

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

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

27.31 ~~(4)~~ "minimum guarantee county" means any metropolitan county or eligible county that
 27.32 is participating in the joint powers agreement under subdivision 3, whose proportion of the

28.1 annual sales tax revenue under this section collected within that county is less than or equal
 28.2 to three percent; ~~and~~.

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

28.7 Sec. 2. Minnesota Statutes 2016, section 297A.992, subdivision 4, is amended to read:

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

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

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

28.21 Sec. 3. Minnesota Statutes 2016, section 297A.992, subdivision 5, is amended to read:

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

28.31 (b) The joint powers board shall establish a timeline and procedures for the award of
 28.32 grants, and may award grants only to the state and political subdivisions. The board shall

29.1 define objective criteria for the award of grants, which must include, but not be limited to,
29.2 consistency with the most recent version of the transportation policy plan adopted by the
29.3 Metropolitan Council under section 473.146. The joint powers board shall maximize the
29.4 availability and use of federal funds in projects funded under this section.

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

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

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

29.10 ~~(3) one additional elected city representative from each county for every additional~~
29.11 ~~400,000 in population, or fraction of 400,000, in the county that is above 400,000 in~~
29.12 ~~population; and~~

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

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

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

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

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

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

29.28 (3) the Metropolitan Council finds the project to be inconsistent, and submits the
29.29 consistency issue for final determination to a panel, which determines the project to be
29.30 consistent. The panel is composed of a member appointed by the chair of the Metropolitan
29.31 Council, a member appointed by the joint powers board, and a member agreed upon by both
29.32 the chair and the joint powers board.

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

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

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

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

30.15 Sec. 4. Minnesota Statutes 2016, section 297A.992, subdivision 6, is amended to read:

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

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

30.20 (ii) capital costs for park-and-ride facilities, as defined in section 174.256, subdivision
 30.21 2;

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

30.24 (iv) operating assistance for transitways.

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

30.28 (c) The joint powers board must, over the duration of the Metropolitan Council's 2030
 30.29 plan, establish a goal of awarding grants in an amount totaling no less than 40 percent of
 30.30 sales tax revenue collected for the year for projects in Dakota, Ramsey, or Washington
 30.31 County.

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

31.4 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 31.5 applies to grant awards for calendar year 2018 and thereafter.

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

31.8 Subdivision 1. Definitions. For purposes of this section, the following terms have the
 31.9 meanings given:

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

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

31.14 (3) "local governmental unit" means any county, city, town, school district, special
 31.15 district, or other political subdivisions or public corporation, other than the council or a
 31.16 metropolitan agency, lying in whole or in part within the metropolitan transit improvement
 31.17 area.

31.18 Subd. 2. Metropolitan transit improvement area transit sales tax imposition; rate.

31.19 (a) Notwithstanding section 297A.99, subdivisions 1, 2, and 3; 477A.016; or any other law,
 31.20 and subject to the approval requirements in paragraph (c) and the alternative rate provision
 31.21 in paragraph (d), a metropolitan area transit sales and use tax is imposed at a rate of
 31.22 three-quarters of one percent on retail sales and uses taxable under this chapter occurring
 31.23 within the metropolitan transit improvement area.

31.24 (b) The taxes imposed under this subdivision are not included in determining if the total
 31.25 tax on lodging in the city of Minneapolis exceeds the maximum allowed tax under Laws
 31.26 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5,
 31.27 article 12, section 87, and Laws 2012, chapter 299, article 3, section 3, or in determining a
 31.28 tax that may be imposed under any other limitations.

31.29 (c) The tax imposed under paragraph (a) is imposed on all counties in the metropolitan
 31.30 transit improvement area, except that if the governing boards of at least four counties in the
 31.31 area vote to opt out of the tax before June 15, 2017, the tax is not imposed in the counties
 31.32 in which the governing board has voted to opt out of the tax. If the governing boards of

32.1 fewer than four counties in the area vote to opt out of the tax, then the tax is imposed on all
32.2 counties in the area.

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

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

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

32.11 (1) to the Counties Transit Improvement Board, an amount equal to 8.5 percent of the
32.12 net proceeds of the tax imposed under subdivision 2; and

32.13 (2) to the Metropolitan Council, the remaining proceeds.

32.14 Subd. 5. **General purpose; consistency with transportation policy plan.** (a) The
32.15 Metropolitan Council shall utilize the proceeds of the tax imposed under subdivision 2 for
32.16 transit purposes described under subdivision 7, within the metropolitan transit improvement
32.17 area.

32.18 (b) Projects funded with the metropolitan transit improvement area transit sales and use
32.19 tax proceeds must not be inconsistent with the long-range transportation policy plan adopted
32.20 by the council under section 473.146 and located within the transit improvement area.

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

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

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

32.32 (3) as otherwise authorized under subdivision 7.

33.1 Subd. 7. Use of tax proceeds. (a) After deducting the amount necessary under subdivision
33.2 6, clauses (1) and (2), the council shall allocate remaining revenues from the tax imposed
33.3 in this section for the following purposes:

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

33.7 (2) 100 percent of the net operating costs of arterial bus rapid transit lines in operation
33.8 on September 30, 2017, and 50 percent of the net operating costs of other transitways;

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

33.10 (4) operating and capital costs for transit expansion in accordance with the transit portion
33.11 of the council's policy transit plan, including, but not limited to:

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

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

33.16 (iii) maintenance of affordable transit fares;

33.17 (5) operating and capital costs for expansion and improvement of regional transitways
33.18 and streetcars;

33.19 (6) to transit authorities to establish, replace, or modify transit shelters to conform with
33.20 design specifications and maintenance requirements within the meaning of section 473.41;

33.21 (7) as grants in the annual amount of \$390,000, payable by July 31, to transportation
33.22 management organizations that provide services exclusively or primarily in (i) each city of
33.23 the first class, as provided under section 410.01; and (ii) the city having the highest population
33.24 as of the effective date of this section located along the marked Interstate Highway 494
33.25 corridor. Permissible uses include administrative expenses and programming and service
33.26 expansion, including but not limited to staffing, communications, outreach and education
33.27 program development, and operations management;

33.28 (8) for financial assistance to replacement service providers under section 473.388 in
33.29 the amount of \$1,500,000 in fiscal year 2018 and \$1,500,000 in fiscal year 2019, to
33.30 implement a demonstration project that provides regular route transit or express bus service
33.31 between municipalities in the metropolitan transportation improvement area, excluding
33.32 cities of the first class. The council shall allocate the appropriated funds as directed by the

34.1 replacement service providers who shall collectively identify one or more demonstration
34.2 projects for financial assistance under this section and submit a notification of the allocation
34.3 to the Metropolitan Council. Criteria for evaluating and identifying demonstration projects
34.4 must include but are not limited to:

34.5 (i) scope of service offering improvements;

34.6 (ii) integration with transit facilities and major business, retail, or suburban centers;

34.7 (iii) extent to which a proposed route complements existing transit service; and

34.8 (iv) density of employment along a proposed route;

34.9 (9) to the Center for Transportation Studies, University of Minnesota, \$500,000 annually
34.10 for research to improve accessibility, operational efficiency, and safety of transit systems;

34.11 (10) \$5,000,000 for improvements to transit shelters or new shelters consistent with
34.12 section 473.41, to be located in areas most in need of new or improved shelters;

34.13 (11) to establish a transit training center to assist individuals in learning how to ride the
34.14 bus or light rail; and

34.15 (12) any other costs payable in accordance with subdivisions 5, 6, and 7, which may
34.16 include, but are not limited to, transit operations, capital improvements, design, engineering
34.17 and environmental work, acquisition of real property, and transit planning and feasibility
34.18 studies, and to provide grants to local governmental units for transit purposes, including
34.19 streetcars, or for bicycle and pedestrian projects.

34.20 (b) The council shall make available an amount equal to ten percent of the revenues
34.21 from the tax imposed in this section and in section 297A.992 through grants to local units
34.22 of government within the metropolitan transit improvement area for construction and
34.23 maintenance of regional bicycle, trail, and pedestrian infrastructure for safe routes to school
34.24 infrastructure and for active transportation programs under section 174.38.

34.25 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
34.26 September 30, 2017, and applies in the counties of Anoka, Carver, Dakota, Hennepin,
34.27 Ramsey, Scott, and Washington, except that subdivision 2, paragraph (c), is effective the
34.28 day following final enactment.

34.29 **Sec. 6. REPEALER.**

34.30 Minnesota Statutes 2016, section 473.4051, subdivision 2, is repealed.

34.31 **EFFECTIVE DATE.** This section is effective July 1, 2017.

35.1

ARTICLE 6

35.2

OTHER TAXES, FEES, AND TRANSFERS

35.3

Section 1. Minnesota Statutes 2016, section 115A.908, is amended to read:

35.4

115A.908 MOTOR VEHICLE TRANSFER FEE.

35.5

35.6

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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:

35.12

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

35.13

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

35.14

35.15

35.16

(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.

35.17

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

35.18

35.19

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

35.20

35.21

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

35.22

35.23

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

35.24

35.25

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

35.26

Sec. 2. Minnesota Statutes 2016, section 161.081, subdivision 1, is amended to read:

35.27

35.28

35.29

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

35.30

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

36.1 ~~(1) 30.5 percent to the town road account created in section 162.081;~~

36.2 ~~(2) 16 percent to the town bridge account, which is created in the state treasury~~ (1) 56.5
 36.3 percent to the county state-aid highway fund, consisting of: (i) 30.5 percent to the town road
 36.4 account created in section 162.081; (ii) 16 percent to the town bridge account created in the
 36.5 state treasury; and (iii) ten percent to the county municipal accounts for purposes described
 36.6 in section 162.08; and

36.7 ~~(3) 53.5 percent to the flexible highway account created in subdivision 3~~ (2) 43.5 percent
 36.8 to the municipal state-aid street fund.

36.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

36.10 Sec. 3. Minnesota Statutes 2016, section 161.082, subdivision 1, is amended to read:

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

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

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

36.23 Sec. 4. Minnesota Statutes 2016, section 161.082, is amended by adding a subdivision to
 36.24 read:

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

36.28 Sec. 5. Minnesota Statutes 2016, section 161.083, is amended to read:

36.29 **161.083 MUNICIPAL TURNBACK ACCOUNT, EXPENDITURE.**

36.30 Subdivision 1. **Creation of account.** (a) The municipal turnback account is created in
 36.31 the state treasury, consisting of money allotted or appropriated to the account from the trunk

37.1 highway fund or from any other source that will be used for the restoration of trunk highways
 37.2 that have reverted or that will revert to cities.

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

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

37.12 Subd. 2. Biennial budget submission. As part of each biennial budget submission to
 37.13 the legislature, the commissioner shall include a request for an appropriation to the municipal
 37.14 turnback account.

37.15 Sec. 6. Minnesota Statutes 2016, section 168.012, subdivision 1c, is amended to read:

37.16 Subd. 1c. **Payment of administrative, plate, and filing fee.** The annual administrative
 37.17 fee for a tax-exempt vehicle under this section is \$5. The license plate fee for a tax-exempt
 37.18 vehicle, except a trailer, is ~~\$10~~ \$12.50 for two plates per vehicle, payable only on the first
 37.19 tax-exempt registration of the vehicle. The registration period for a tax-exempt vehicle is
 37.20 biennial. The administrative fee is due on March 1 biennially and payable the preceding
 37.21 January 1, with validating stickers issued at time of payment.

37.22 Sec. 7. Minnesota Statutes 2016, section 168.12, subdivision 2, is amended to read:

37.23 Subd. 2. **Amateur radio licensee; special plates, rules.** (a) The commissioner shall
 37.24 issue amateur radio plates to an applicant who:

37.25 (1) is an owner of a passenger automobile or recreational vehicle;

37.26 (2) is a resident of this state;

37.27 (3) holds an official amateur radio station license or a citizens radio service class D
 37.28 license, in good standing, issued by the Federal Communications Commission;

37.29 (4) pays the registration tax required under section 168.013;

37.30 (5) pays a fee of ~~\$10~~ \$12.50 for each set of special plates and any other fees required
 37.31 by this chapter; and

38.1 (6) complies with this chapter and rules governing the registration of motor vehicles and
38.2 licensing of drivers;

38.3 (b) In lieu of the registration number required for identification under subdivision 1, the
38.4 plates must indicate the official amateur call letters of the applicant, as assigned by the
38.5 Federal Communications Commission, and the words "AMATEUR RADIO."

38.6 (c) This provision for the issue of special plates applies only if the applicant's motor
38.7 vehicle is already registered in Minnesota so that the applicant has valid regular Minnesota
38.8 plates issued for that motor vehicle under which to operate it during the time that it will
38.9 take to have the necessary special plates made.

38.10 (d) If owning more than one motor vehicle of the type specified in this subdivision, the
38.11 applicant may apply for special plates for each motor vehicle and, if each application
38.12 complies with this subdivision, the commissioner shall furnish the applicant with the special
38.13 plates, indicating the official amateur call letters and other distinguishing information as
38.14 the commissioner considers necessary, for each of the motor vehicles.

38.15 (e) The commissioner may make reasonable rules governing the use of the special plates
38.16 as will assure the full compliance by the owner of the special plates, with all existing laws
38.17 governing the registration of motor vehicles and the transfer and use of the plates.

38.18 (f) Despite any contrary provision of subdivision 1, the special plates issued under this
38.19 subdivision may be transferred by an owner to another motor vehicle listed in paragraph
38.20 (a) and registered to the same owner, upon the payment of a fee of \$5. The commissioner
38.21 must be notified before the transfer and may prescribe a format for the notification.

38.22 Sec. 8. Minnesota Statutes 2016, section 168.12, subdivision 2b, is amended to read:

38.23 Subd. 2b. **Firefighters; special plates, rules.** (a) The commissioner shall issue special
38.24 plates, or a single license plate in the case of a motorcycle plate, to any applicant who:

38.25 (1) is a member of a fire department receiving state aid under chapter 69, has a letter
38.26 from the fire chief, and is an owner of a passenger automobile, a one-ton pickup truck, or
38.27 a motorcycle;

38.28 (2) pays a fee of ~~\$10~~ \$12.50 and any other fees required by this chapter;

38.29 (3) pays the registration tax required by this chapter for the motor vehicle; and

38.30 (4) complies with this chapter and rules governing the registration of motor vehicles and
38.31 licensing of drivers.

39.1 (b) In lieu of the identification required under subdivision 1, the special plates must bear
39.2 an emblem of a Maltese Cross together with any numbers or characters prescribed by the
39.3 commissioner.

39.4 (c) Special plates issued under this subdivision may only be used during the period that
39.5 the owner of the motor vehicle is a member of a fire department as specified in this
39.6 subdivision. When the individual to whom the special plates were issued is no longer a
39.7 member of a fire department or when the motor vehicle ownership is transferred, the owner
39.8 shall remove the special plates from the motor vehicle. If the commissioner receives written
39.9 notification that an individual is no longer qualified for these special plates, the commissioner
39.10 shall invalidate the plates and notify the individual of this action. The individual may retain
39.11 the plate only upon demonstrating compliance with the qualifications of this subdivision.
39.12 Upon removal or invalidation of the special plates or special motorcycle plate, the owner
39.13 or purchaser of the motor vehicle shall obtain regular plates, a regular motorcycle plate, or
39.14 special plates for the proper registration classification for the motor vehicle.

39.15 (d) A special motorcycle license plate issued under this subdivision must be the same
39.16 size as a standard motorcycle license plate.

39.17 (e) Upon payment of a fee of \$5, plates issued under this subdivision for a passenger
39.18 automobile or truck may be transferred to another passenger automobile or truck owned or
39.19 jointly owned by the person to whom the plates were issued. On payment of a fee of \$5, a
39.20 plate issued under this subdivision for a motorcycle may be transferred to another motorcycle
39.21 owned or jointly owned by the person to whom the plate was issued.

39.22 (f) The commissioner may adopt rules under the Administrative Procedure Act, sections
39.23 14.001 to 14.69, to govern the issuance and use of the special plates authorized in this
39.24 subdivision.

39.25 Sec. 9. Minnesota Statutes 2016, section 168.12, subdivision 2c, is amended to read:

39.26 Subd. 2c. **National Guard; special plates, rules.** (a) The commissioner shall issue
39.27 special plates to any applicant who:

39.28 (1) is a regularly enlisted, commissioned, or retired member of the Minnesota National
39.29 Guard, other than an inactive member who is not a retired member, and is an owner of a
39.30 passenger automobile;

39.31 (2) pays a fee of ~~\$10~~ \$12.50 and any other fees required by this chapter;

39.32 (3) pays the registration tax required by this chapter; and

40.1 (4) complies with this chapter and rules governing the registration of motor vehicles and
40.2 licensing of drivers.

40.3 (b) The adjutant general shall design the emblem for these special plates subject to the
40.4 approval of the commissioner.

40.5 (c) Special plates issued under this subdivision may only be used during the period that
40.6 the owner of the motor vehicle is an active or retired member of the Minnesota National
40.7 Guard as specified in this subdivision. When the individual to whom the special plates were
40.8 issued is no longer an active or retired member of the Minnesota National Guard, the special
40.9 plates must be removed from the vehicle by the owner. If the commissioner receives written
40.10 notification that an individual is no longer qualified for these special plates, the commissioner
40.11 shall invalidate the plates and notify the individual of this action. The individual may retain
40.12 the plate only upon demonstrating compliance with the qualifications of this subdivision.
40.13 Upon removal or invalidation of the special plates, either the owner or purchaser of the
40.14 motor vehicle shall obtain regular plates for the motor vehicle.

40.15 (d) While the person is an active or retired member of the Minnesota National Guard,
40.16 plates issued pursuant to this subdivision may be transferred to another motor vehicle owned
40.17 by that individual upon payment of a fee of \$5.

40.18 (e) For purposes of this subdivision, "retired member" means an individual placed on
40.19 the roll of retired officers or roll of retired enlisted members in the Office of the Adjutant
40.20 General under section 192.18 and who is not deceased.

40.21 (f) The commissioner may adopt rules under the Administrative Procedure Act to govern
40.22 the issuance and use of the special plates authorized by this subdivision.

40.23 Sec. 10. Minnesota Statutes 2016, section 168.12, subdivision 2d, is amended to read:

40.24 Subd. 2d. **Ready Reserve; special plates, rules.** (a) The commissioner shall issue special
40.25 plates to an applicant who:

40.26 (1) is not eligible for special National Guard plates under subdivision 2c, is a member
40.27 of the United States armed forces ready reserve as described in United States Code, title
40.28 10, section 10142 or 10143, or a retired reserve as described in United States Code, title
40.29 10, section 10154, and is an owner of a passenger automobile;

40.30 (2) pays a fee of ~~\$10~~ \$12.50 and any other fees required by this chapter;

40.31 (3) pays the registration tax required by this chapter; and

41.1 (4) complies with this chapter and rules governing the registration of motor vehicles and
41.2 licensing of drivers.

41.3 (b) The commissioner of veterans affairs shall design the emblem for these special plates
41.4 subject to the approval of the commissioner.

41.5 (c) Special plates issued under this subdivision may only be used during the period that
41.6 the owner of the motor vehicle is a member of the ready reserve. When the owner is no
41.7 longer a member, the special plates must be removed from the motor vehicle by the owner.
41.8 If the commissioner receives written notification that an individual is no longer qualified
41.9 for these special plates, the commissioner shall invalidate the plates and notify the individual
41.10 of this action. The individual may retain the plate only upon demonstrating compliance with
41.11 the qualifications of this subdivision. On removal or invalidation of the special plates, either
41.12 the owner or purchaser of the motor vehicle shall obtain regular plates for the motor vehicle.
41.13 While the owner is a member of the ready reserve, plates issued under this subdivision may
41.14 be transferred to another motor vehicle owned by that individual on paying a fee of \$5.

41.15 (d) The commissioner may adopt rules under the Administrative Procedure Act to govern
41.16 the issuance and use of the special plates authorized by this subdivision.

41.17 Sec. 11. Minnesota Statutes 2016, section 168.12, subdivision 2e, is amended to read:

41.18 Subd. 2e. **Volunteer ambulance attendants; special plates.** (a) The commissioner shall
41.19 issue special license plates to an applicant who:

41.20 (1) is a volunteer ambulance attendant as defined in section 144E.001, subdivision 15,
41.21 and owns a motor vehicle taxed as a passenger automobile;

41.22 (2) pays the registration tax required by this chapter for the motor vehicle;

41.23 (3) pays a fee of ~~\$10~~ \$12.50 and any other fees required by this chapter; and

41.24 (4) complies with this chapter and rules governing the registration of motor vehicles and
41.25 licensing of drivers.

41.26 (b) An individual may use special plates issued under this subdivision only during the
41.27 period that the individual is a volunteer ambulance attendant. When the individual to whom
41.28 the special plates were issued ceases to be a volunteer ambulance attendant, the individual
41.29 shall remove each set of special plates issued. If the commissioner receives written
41.30 notification that an individual is no longer qualified for these special plates, the commissioner
41.31 shall invalidate the plates and notify the individual of this action. The individual may retain
41.32 the plate only upon demonstrating compliance with the qualifications of this subdivision.

42.1 When ownership of the motor vehicle is transferred, the individual shall remove the special
42.2 plates from that motor vehicle. On removal or invalidation of the special plates, the owner
42.3 or purchaser of the motor vehicle shall obtain regular plates for the motor vehicle. Special
42.4 plates issued under this subdivision may be transferred to another motor vehicle owned by
42.5 the volunteer ambulance attendant on payment of a fee of \$5.

42.6 (c) The commissioner may adopt rules governing the design, issuance, and sale of the
42.7 special plates authorized by this subdivision.

42.8 Sec. 12. Minnesota Statutes 2016, section 168.12, subdivision 2g, is amended to read:

42.9 Subd. 2g. **Retired firefighters; special plates.** (a) The commissioner shall issue special
42.10 retired firefighters plates to an applicant who:

42.11 (1) is a retired member of a fire department as defined in section 299N.01, subdivision
42.12 2, has a letter from the fire chief affirming that the applicant is a retired firefighter who
42.13 served ten or more years and separated in good standing, and is a registered owner of a
42.14 passenger automobile, a one-ton pickup truck, a recreational vehicle, or a motorcycle;

42.15 (2) pays a fee of ~~\$10~~ \$12.50 for each set of license plates applied for along with any
42.16 other fees required by this chapter; and

42.17 (3) complies with this chapter and rules governing registration of motor vehicles and
42.18 licensing of drivers.

42.19 (b) The commissioner shall design the special plate emblem so that it is distinguishable
42.20 from the emblem on firefighter special plates issued under subdivision 2b.

42.21 (c) On payment of a transfer fee of \$5, plates issued under this subdivision may be
42.22 transferred to another passenger automobile, one-ton pickup truck, recreational vehicle, or
42.23 motorcycle registered to the individual to whom the special plates were issued.

42.24 (d) Fees collected under this subdivision must be credited to the vehicle services operating
42.25 account in the special revenue fund.

42.26 (e) This subdivision is exempt from section 168.1293.

42.27 Sec. 13. Minnesota Statutes 2016, section 168.12, subdivision 5, is amended to read:

42.28 Subd. 5. **Additional fee.** (a) In addition to any fee otherwise authorized or any tax
42.29 otherwise imposed upon any vehicle, the payment of which is required as a condition to the
42.30 issuance of any plate or plates, the commissioner shall impose the fee specified in paragraph
42.31 (b) that is calculated to cover the cost of manufacturing and issuing the plate or plates,

43.1 except for plates issued to disabled veterans as defined in section 168.031 and plates issued
 43.2 pursuant to section 168.124, 168.125, or 168.27, subdivisions 16 and 17, for passenger
 43.3 automobiles. The commissioner shall issue graphic design plates only for vehicles registered
 43.4 pursuant to section 168.017 and recreational vehicles registered pursuant to section 168.013,
 43.5 subdivision 1g.

43.6 (b) Unless otherwise specified or exempted by statute, the following plate and validation
 43.7 sticker fees apply for the original, duplicate, or replacement issuance of a plate in a plate
 43.8 year:

43.9 License Plate	Single	Double
43.10 Regular and Disability	\$ 4.50 <u>6.25</u>	\$ 6.00 <u>12.50</u>
43.11		10.00
43.12 Special	\$ 8.50	\$ <u>12.50</u>
43.13 Personalized (Replacement)	\$ 10.00	\$ 14.00
43.14 Collector Category	\$ 13.50	\$ 15.00
43.15 Emergency Vehicle Display	\$ 3.00 <u>6.25</u>	\$ 6.00 <u>12.50</u>
43.16 Utility Trailer Self-Adhesive	\$ 2.50	
43.17 Vertical Motorcycle Plate	\$ 100.00	NA
43.18 Stickers		
43.19 Duplicate year	\$ 1.00	\$ 1.00
43.20 International Fuel Tax Agreement	\$ 2.50	

43.21 (c) For vehicles that require two of the categories above, the registrar shall only charge
 43.22 the higher of the two fees and not a combined total.

43.23 Sec. 14. Minnesota Statutes 2016, section 168.121, subdivision 1, is amended to read:

43.24 Subdivision 1. **Issuance and design.** Notwithstanding section 168.1293, the commissioner
 43.25 shall issue special plates remembering victims of impaired drivers to an applicant who:

43.26 (1) is a registered owner of a passenger automobile;

43.27 (2) pays a fee of ~~\$10~~ \$12.50 for each set of license plates applied for; and

43.28 (3) complies with this chapter and rules governing registration of motor vehicles and
 43.29 licensing of drivers.

43.30 Sec. 15. Minnesota Statutes 2016, section 168.123, subdivision 1, is amended to read:

43.31 Subdivision 1. **General requirements; fees.** (a) On payment of a fee of ~~\$10~~ \$12.50 for
 43.32 each set of two plates, or for a single plate in the case of a motorcycle plate, payment of the

44.1 registration tax required by law, and compliance with other applicable laws relating to
44.2 vehicle registration and licensing, as applicable, the commissioner shall issue:

44.3 (1) special veteran's plates to an applicant who served in the active military service in a
44.4 branch of the armed forces of the United States or of a nation or society allied with the
44.5 United States in conducting a foreign war, was discharged under honorable conditions, and
44.6 is a registered owner of a passenger automobile, recreational motor vehicle, or one-ton
44.7 pickup truck, but which is not a commercial motor vehicle as defined in section 169.011,
44.8 subdivision 16; or

44.9 (2) a veteran's special motorcycle plate as described in subdivision 2, paragraph (a), (e),
44.10 (f), (h), (i), (j), or (m), or another special plate designed by the commissioner to an applicant
44.11 who is a registered owner of a motorcycle and meets the criteria listed in this paragraph and
44.12 in subdivision 2, paragraph (a), (e), (f), (h), (i), (j), or (m). Plates issued under this clause
44.13 must be the same size as regular motorcycle plates. Special motorcycle license plates issued
44.14 under this clause are not subject to section 168.1293.

44.15 (b) The additional fee of ~~\$10~~ \$12.50 is payable for each set of veteran's plates, is payable
44.16 only when the plates are issued, and is not payable in a year in which stickers are issued
44.17 instead of plates.

44.18 (c) The veteran must have a certified copy of the veteran's discharge papers, indicating
44.19 character of discharge, at the time of application. If an applicant served in the active military
44.20 service in a branch of the armed forces of a nation or society allied with the United States
44.21 in conducting a foreign war and is unable to obtain a record of that service and discharge
44.22 status, the commissioner of veterans affairs may certify the applicant as qualified for the
44.23 veterans' plates provided under this section.

44.24 Sec. 16. Minnesota Statutes 2016, section 168.1235, subdivision 1, is amended to read:

44.25 Subdivision 1. **General requirements; fees.** (a) The commissioner shall issue a special
44.26 plate emblem for each plate to an applicant who:

44.27 (1) is a member of a congressionally chartered veterans service organization and is a
44.28 registered owner of a passenger automobile, pickup truck, van, or self-propelled recreational
44.29 vehicle;

44.30 (2) pays the registration tax required by law;

44.31 (3) pays a fee of ~~\$10~~ \$12.50 for each set of two plates, and any other fees required by
44.32 this chapter; and

45.1 (4) complies with this chapter and rules governing the registration of motor vehicles and
45.2 licensing of drivers.

45.3 (b) The additional fee of ~~\$10~~ \$12.50 is payable at the time of initial application for the
45.4 special plate emblem and when the plates must be replaced or renewed. An applicant must
45.5 not be issued more than two sets of special plate emblems for motor vehicles listed in
45.6 paragraph (a) and registered to the applicant.

45.7 (c) The applicant must present a valid card indicating membership in the American
45.8 Legion or Veterans of Foreign Wars.

45.9 Sec. 17. Minnesota Statutes 2016, section 168.1255, subdivision 1, is amended to read:

45.10 Subdivision 1. **General requirements and procedures.** The commissioner shall issue
45.11 special veteran contribution plates or a single motorcycle plate to an applicant who:

45.12 (1) is a veteran, as defined in section 197.447;

45.13 (2) is a registered owner of a passenger automobile as defined in section 168.002,
45.14 subdivision 24, recreational vehicle as defined in section 168.002, subdivision 27, one-ton
45.15 pickup truck as defined in section 168.002, subdivision 21b, or motorcycle as defined in
45.16 section 168.002, subdivision 19;

45.17 (3) pays a fee of ~~\$10~~ \$12.50 to cover the costs of handling and manufacturing the plates;

45.18 (4) pays the registration tax required under section 168.013;

45.19 (5) pays the fees required under this chapter;

45.20 (6) pays an additional onetime World War II memorial contribution of \$30, which the
45.21 department shall retain until all start-up costs associated with the development and issuing
45.22 of the plates have been recovered, after which the commissioner shall deposit contributions
45.23 in the World War II donation match account; and

45.24 (7) complies with this chapter and rules governing the registration of motor vehicles and
45.25 licensing of drivers.

45.26 Sec. 18. Minnesota Statutes 2016, section 168.128, subdivision 2, is amended to read:

45.27 Subd. 2. **Plates.** (a) A person who operates a limousine for other than personal use shall
45.28 register the motor vehicle as provided in this section. A person who operates a limousine
45.29 for personal use may apply for limousine plates.

46.1 (b) The commissioner shall issue limousine plates to the registered owner of a limousine
46.2 who:

46.3 (1) certifies that an insurance policy or policies under section 65B.135, in the minimum
46.4 aggregate amount required under that section, is in effect for the entire period of the
46.5 registration;

46.6 (2) provides the commissioner with proof that the passenger automobile registration tax
46.7 and a ~~\$10~~ \$12.50 fee have been paid for each limousine receiving limousine plates; and

46.8 (3) complies with this chapter and rules governing the registration of motor vehicles and
46.9 licensing of drivers.

46.10 (c) The limousine plates must be designed to specifically identify the vehicle as a
46.11 limousine and must be clearly marked with the letters "LM." Limousine plates may not be
46.12 transferred upon sale of the limousine, but may be transferred to another limousine owned
46.13 by the same person upon notifying the commissioner and paying a \$5 transfer fee.

46.14 Sec. 19. Minnesota Statutes 2016, section 168.1291, subdivision 4, is amended to read:

46.15 Subd. 4. **Fees.** Despite section 168.12, subdivisions 2b to 2e; 168.123; or 168.129, the
46.16 commissioner shall charge a fee of ~~\$10~~ \$12.50 for each set of plates issued under this section.

46.17 Sec. 20. Minnesota Statutes 2016, section 168.1295, subdivision 1, is amended to read:

46.18 Subdivision 1. **General requirements and procedures.** (a) The commissioner shall
46.19 issue state parks and trails plates to an applicant who:

46.20 (1) is a registered owner of a passenger automobile, recreational vehicle, one ton pickup
46.21 truck, or motorcycle;

46.22 (2) pays a fee of ~~\$10~~ \$12.50 to cover the costs of handling and manufacturing the plates;

46.23 (3) pays the registration tax required under section 168.013;

46.24 (4) pays the fees required under this chapter;

46.25 (5) contributes a minimum of \$50 annually to the state parks and trails donation account
46.26 established in section 85.056; and

46.27 (6) complies with this chapter and rules governing registration of motor vehicles and
46.28 licensing of drivers.

47.1 (b) The state parks and trails plate application must indicate that the contribution specified
47.2 under paragraph (a), clause (5), is a minimum contribution to receive the plate and that the
47.3 applicant may make an additional contribution to the account.

47.4 (c) State parks and trails plates may be personalized according to section 168.12,
47.5 subdivision 2a.

47.6 Sec. 21. Minnesota Statutes 2016, section 168.1296, subdivision 1, is amended to read:

47.7 Subdivision 1. **General requirements and procedures.** (a) The commissioner shall
47.8 issue critical habitat plates to an applicant who:

47.9 (1) is a registered owner of a passenger automobile or recreational vehicle;

47.10 (2) pays a fee of ~~\$10~~ \$12.50 to cover the costs of handling and manufacturing the plates;

47.11 (3) pays the registration tax required under section 168.013;

47.12 (4) pays the fees required under this chapter;

47.13 (5) contributes a minimum of \$30 annually to the Minnesota critical habitat private
47.14 sector matching account established in section 84.943; and

47.15 (6) complies with this chapter and rules governing registration of motor vehicles and
47.16 licensing of drivers.

47.17 (b) The critical habitat plate application must indicate that the annual contribution
47.18 specified under paragraph (a), clause (5), is a minimum contribution to receive the plate
47.19 and that the applicant may make an additional contribution to the account.

47.20 (c) Owners of recreational vehicles under paragraph (a), clause (1), are eligible only for
47.21 special critical habitat license plates for which the designs are selected under subdivision
47.22 2, on or after January 1, 2006.

47.23 (d) Special critical habitat license plates, the designs for which are selected under
47.24 subdivision 2, on or after January 1, 2006, may be personalized according to section 168.12,
47.25 subdivision 2a.

47.26 Sec. 22. Minnesota Statutes 2016, section 168.1297, subdivision 1, is amended to read:

47.27 Subdivision 1. **General requirements and procedures.** The commissioner shall issue
47.28 special "Rotary member" plates to an applicant who:

47.29 (1) is a registered owner of a passenger automobile;

47.30 (2) pays a fee of ~~\$10~~ \$12.50 to cover the costs of handling and manufacturing the plates;

48.1 (3) pays the registration tax required under section 168.013;

48.2 (4) pays the fees required under this chapter;

48.3 (5) submits proof to the commissioner that the applicant is a member of Rotary
48.4 International; and

48.5 (6) complies with this chapter and rules governing registration of motor vehicles and
48.6 licensing of drivers.

48.7 Sec. 23. Minnesota Statutes 2016, section 168.1298, subdivision 1, is amended to read:

48.8 Subdivision 1. **General requirements and procedures.** (a) The commissioner shall
48.9 issue special "Support Our Troops" license plates to an applicant who:

48.10 (1) is an owner of a passenger automobile, one-ton pickup truck, recreational vehicle,
48.11 or motorcycle;

48.12 (2) pays a fee of ~~\$10~~ \$12.50 to cover the costs of handling and manufacturing the plates;

48.13 (3) pays the registration tax required under section 168.013;

48.14 (4) pays the fees required under this chapter;

48.15 (5) contributes a minimum of \$30 annually to the Minnesota "Support Our Troops"
48.16 account established in section 190.19; and

48.17 (6) complies with laws and rules governing registration and licensing of vehicles and
48.18 drivers.

48.19 (b) The license application under this section must indicate that the annual contribution
48.20 specified under paragraph (a), clause (5), is a minimum contribution to receive the plates
48.21 and that the applicant may make an additional contribution to the account.

48.22 Sec. 24. Minnesota Statutes 2016, section 168.1299, subdivision 1, is amended to read:

48.23 Subdivision 1. **Issuance.** Notwithstanding section 168.1293, the commissioner shall
48.24 issue special Minnesota golf plates or a single motorcycle plate to an applicant who:

48.25 (1) is a registered owner of a passenger automobile, one-ton pickup truck, motorcycle,
48.26 or recreational vehicle;

48.27 (2) pays a fee of ~~\$10~~ \$12.50 and any other fees required by this chapter;

48.28 (3) contributes a minimum of \$30 annually to the Minnesota Section PGA Foundation
48.29 account; and

49.1 (4) complies with this chapter and rules governing registration of motor vehicles and
49.2 licensing of drivers.

49.3 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to license plates
49.4 issued on and after that date.

49.5 Sec. 25. Minnesota Statutes 2016, section 168.27, subdivision 22, is amended to read:

49.6 Subd. 22. **Dealer license for trailers, motorized bicycles; plates, fees; exemptions.**

49.7 Any person, copartnership, or corporation having a permanent enclosed commercial building
49.8 or structure either owned in fee or leased and engaged in the business, either exclusively or
49.9 in addition to any other occupation, of selling motorized bicycles, boat trailers, horse trailers,
49.10 or snowmobile trailers, may apply to the registrar for a dealer's license. Upon payment of
49.11 a \$10 fee the registrar shall license the applicant as a dealer for the remainder of the calendar
49.12 year in which the application was received. The license may be renewed on or before the
49.13 second day of January of each succeeding year by payment of a fee of \$10. The registrar
49.14 shall issue to each dealer, upon request of the dealer, dealer plates as provided in subdivision
49.15 16 upon payment of ~~\$5~~ \$6.25 for each plate, and the plates may be used in the same manner
49.16 and for the same purposes as is provided in subdivision 16. Except for motorized bicycle
49.17 dealers, the registrar shall also issue to the dealer, upon request of the dealer, "in-transit"
49.18 plates as provided in subdivision 17 upon payment of a fee of \$5 for each plate. This
49.19 subdivision does not abrogate any of the provisions of this section relating to the duties,
49.20 responsibilities, and requirements of persons, copartnerships, or corporations engaged in
49.21 the business, either exclusively or in addition to other occupations, of selling motor vehicles
49.22 or manufactured homes, except that a seller of boat trailers, utility trailers, or snowmobile
49.23 trailers who is licensed under this subdivision is not required to have a contract or franchise
49.24 with a manufacturer or distributor of new boat trailers, utility trailers, or new snowmobile
49.25 trailers the seller proposes to sell, broker, wholesale, or auction. This section does not require
49.26 a manufacturer of snowmobile trailers whose manufacturing facility is located outside of
49.27 the metropolitan area as defined in section 473.121 to have a dealer's license to transport
49.28 the snowmobile trailers to dealers or retail outlets in the state.

49.29 Sec. 26. Minnesota Statutes 2016, section 168.33, subdivision 2, is amended to read:

49.30 Subd. 2. **Deputy registrars.** (a) The commissioner may appoint, and for cause
49.31 discontinue, a deputy registrar for any statutory or home rule charter city as the public
49.32 interest and convenience may require, without regard to whether the county auditor of the
49.33 county in which the city is situated has been appointed as the deputy registrar for the county

50.1 or has been discontinued as the deputy registrar for the county, and without regard to whether
50.2 the county in which the city is situated has established a county license bureau that issues
50.3 motor vehicle licenses as provided in section 373.32.

50.4 (b) The commissioner may appoint, and for cause discontinue, a deputy registrar for any
50.5 statutory or home rule charter city as the public interest and convenience may require, if
50.6 the auditor for the county in which the city is situated chooses not to accept appointment
50.7 as the deputy registrar for the county or is discontinued as a deputy registrar, or if the county
50.8 in which the city is situated has not established a county license bureau that issues motor
50.9 vehicle licenses as provided in section 373.32.

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

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

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

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

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

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

50.32 (i) The deputy registrar shall keep records and make reports to the commissioner as the
50.33 commissioner requires. The records must be maintained at the offices of the deputy registrar.

51.1 The records and offices of the deputy registrar must at all times be open to the inspection
 51.2 of the commissioner or the commissioner's agents. The deputy registrar shall report to the
 51.3 commissioner by the next working day following receipt all registrations made and taxes
 51.4 and fees collected by the deputy registrar.

51.5 (j) The filing ~~fee fees~~ imposed under subdivision 7, paragraph (a), clauses (1) and (3),
 51.6 must be deposited in the treasury of the place for which appointed or, if not a public official,
 51.7 a deputy shall retain the filing ~~fee fees~~, but the registration tax ~~and~~, any additional fees for
 51.8 delayed registration ~~the deputy registrar has collected~~, and the surcharge imposed under
 51.9 subdivision 7, paragraph (a), clause (2), the deputy registrar shall deposit by the next working
 51.10 day following receipt in an approved state depository to the credit of the state through the
 51.11 commissioner of management and budget. The place for which the deputy registrar is
 51.12 appointed through its governing body must provide the deputy registrar with facilities and
 51.13 personnel to carry out the duties imposed by this subdivision if the deputy is a public official.
 51.14 In all other cases, the deputy shall maintain a suitable facility for serving the public.

51.15 Sec. 27. Minnesota Statutes 2016, section 168.33, subdivision 7, is amended to read:

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

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

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

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

51.24 (b) Notwithstanding paragraph (a):

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

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

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

51.31 (d) The statutory fees and taxes, and the filing fees and surcharge imposed under
 51.32 paragraph (a) may be paid by credit card or debit card. The deputy registrar may collect a

52.1 surcharge on the statutory fees, taxes, statutory surcharge, and filing fee not greater than
 52.2 the cost of processing a credit card or debit card transaction, in accordance with emergency
 52.3 rules established by the commissioner of public safety. The surcharge authorized by this
 52.4 paragraph must be used to pay the cost of processing credit and debit card transactions.

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

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

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

52.9 (ii) \$1.50 must be deposited:

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

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

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

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

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

52.20 ~~(2)~~ (3) of the fees collected under paragraph (a), clause ~~(2)~~ (3):

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

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

52.23 (iii) \$1.50 must be deposited:

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

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

52.29 **EFFECTIVE DATE.** Paragraph (a), clause (3), is effective the day following final
 52.30 enactment. The remainder of the section is effective July 1, 2017.

53.1 Sec. 28. Minnesota Statutes 2016, section 168.62, subdivision 3, is amended to read:

53.2 Subd. 3. **Special plates or certificate; fee; proceeds to ~~highway user fund~~ vehicle**
 53.3 **services operating account.** At the same time that an owner or operator of intercity buses
 53.4 registers them in Minnesota and obtains number plates therefor, the owner or operator shall
 53.5 apply for special identification plates or certificates for the remainder of that fleet of intercity
 53.6 buses. The registrar of motor vehicles shall design an appropriate plate or identification
 53.7 certificate for this purpose which shall be issued upon the payment of a fee of ~~\$10~~ \$12.50
 53.8 covering each intercity bus so identified. The proceeds of such fees shall be deposited to
 53.9 the credit of the vehicle services operating account under section 299A.705, subdivision 1.
 53.10 No intercity bus shall at any time be operated in the state of Minnesota without either
 53.11 Minnesota number plates or special identification plates or certificates issued as herein
 53.12 provided.

53.13 Sec. 29. **[174.54] CITY STREETS AND BRIDGES ACCOUNTS.**

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

53.24 **Subd. 2. Larger city streets and bridges account.** A larger city streets and bridges
 53.25 account is created as a special revenue account and established in the state treasury, consisting
 53.26 of money allotted, appropriated, or transferred through gift or grant for the account. Money
 53.27 in the account must be appropriated to the commissioner of transportation by law and
 53.28 apportioned among all the cities in the state that are eligible to receive municipal state aid.
 53.29 The commissioner shall apportion: (1) 50 percent of the money so that each city receives
 53.30 of that amount the percentage that the city's population bears to the total population of all
 53.31 cities that are eligible to receive municipal state aid; and (2) 50 percent of the money so
 53.32 that each city receives of that amount the percentage that the city's money needs, as
 53.33 determined by the commissioner under section 162.13, subdivision 3, bears to the total
 53.34 money needs of all cities that are eligible to receive municipal state aid. Money apportioned

54.1 under this section must be used for construction, reconstruction, improvement, operations,
 54.2 and maintenance of city streets and bridges.

54.3 Sec. 30. Minnesota Statutes 2016, section 297A.815, subdivision 3, is amended to read:

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

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

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

54.13 ~~(1) \$9,000,000 annually until January 1, 2015, and 50 percent annually thereafter to the~~
 54.14 ~~county state-aid highway fund.~~

54.15 (c) Notwithstanding any other law to the contrary, the commissioner of transportation
 54.16 shall allocate the funds transferred under ~~this clause~~ paragraph (b) to the counties in the
 54.17 metropolitan area, as defined in section 473.121, subdivision 4, ~~excluding the counties of~~
 54.18 ~~Hennepin and Ramsey~~, so that each county shall receive of such amount the percentage that
 54.19 its population, as defined in section 477A.011, subdivision 3, estimated or established by
 54.20 July 15 of the year prior to the current calendar year, bears to the total population of the
 54.21 counties receiving funds under this clause; ~~and.~~ For the purposes of the calculation in this
 54.22 paragraph, the population of Hennepin County shall first be multiplied by 0.25, and the
 54.23 population of Ramsey County shall first be multiplied by 0.5.

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

54.25 (d) The revenues transferred under this subdivision do not include the revenues, including
 54.26 interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision
 54.27 1a, which must be deposited as provided under the Minnesota Constitution, article XI,
 54.28 section 15.

54.29 **EFFECTIVE DATE.** Paragraphs (a) to (c) are effective January 1, 2018, and paragraph
 54.30 (d) is effective the day following final enactment.

55.1 Sec. 31. Minnesota Statutes 2016, section 297B.09, subdivision 1, is amended to read:

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

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

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

55.10 Sec. 32. **REPEALER.**

55.11 Minnesota Statutes 2016, section 161.081, subdivision 3, is repealed.

55.12 **EFFECTIVE DATE.** This section is effective July 1, 2017.

55.13 **ARTICLE 7**

55.14 **EFFICIENCY MEASURES**

55.15 Section 1. **[161.225] LOANS FOR LAND ACQUISITION FOR HIGHWAY**
55.16 **PROJECTS.**

55.17 Subdivision 1. **Account established.** The state right-of-way acquisition loan account is
55.18 created in the trunk highway fund for the purposes specified in this section. Money in the
55.19 account is annually appropriated to the commissioner and does not expire. Interest from the
55.20 investment of money in this account must be deposited in the state right-of-way acquisition
55.21 loan account.

55.22 Subd. 2. **Loans.** (a) The commissioner may make loans to counties, towns, and statutory
55.23 and home rule charter cities to purchase property within the right-of-way of a state trunk
55.24 highway shown on an official map adopted pursuant to section 394.361 or 462.359 or to
55.25 purchase property within the proposed right-of-way of a principal or intermediate arterial
55.26 highway. The loans shall be made from the fund established under this subdivision for
55.27 purchases approved by the commissioner. The loans shall bear no interest.

55.28 (b) The commissioner shall make loans only to:

55.29 (1) accelerate the acquisition of primarily undeveloped property when there is a reasonable
55.30 probability that the property will increase in value before highway construction and to update

56.1 an expired environmental impact statement on a project for which the right-of-way is being
56.2 purchased;

56.3 (2) avert the imminent conversion or the granting of approvals which would allow the
56.4 conversion of property to uses which would jeopardize the property's availability for highway
56.5 construction;

56.6 (3) advance planning and environmental activities on highest priority major metropolitan
56.7 river crossing projects under the transportation development guide chapter policy plan; or

56.8 (4) take advantage of open market opportunities when developed properties become
56.9 available for sale provided all parties involved are agreeable to the sale and funds are
56.10 available.

56.11 (c) The commissioner shall not make loans to purchase property at a price which exceeds
56.12 the fair market value of the property or which includes the costs of relocating or moving
56.13 persons or property. The eminent domain process may be used to settle differences of opinion
56.14 as to fair market value, provided all parties agree to the process.

56.15 (d) A private property owner may elect to receive the purchase price either in a lump
56.16 sum or in not more than four annual installments without interest on the deferred installments.
56.17 If the purchase agreement provides for installment payments, the commissioner shall make
56.18 the loan in installments corresponding to those in the purchase agreement. The recipient of
56.19 an acquisition loan shall convey the property for the construction of the highway at the same
56.20 price which the recipient paid for the property. The price may include the costs of preparing
56.21 environmental documents that were required for the acquisition and that were paid for with
56.22 money that the recipient received from the loan fund. Upon notification by the commissioner
56.23 that the plan to construct the highway has been abandoned or the anticipated location of the
56.24 highway has changed, the recipient shall sell the property at market value in accordance
56.25 with the procedures required for the disposition of the property. All rents and other money
56.26 received because of the recipient's ownership of the property and all proceeds from the
56.27 conveyance or sale of the property shall be paid to the commissioner. If a recipient is not
56.28 permitted to include in the conveyance price the cost of preparing environmental documents
56.29 that were required for the acquisition, the recipient is not required to repay the commissioner
56.30 an amount equal to 40 percent of the money received from the loan fund and spent in
56.31 preparing the environmental documents.

56.32 (e) For administration of the loan program, the commissioner may expend from the fund
56.33 each year an amount no greater than three percent of the amount of the proceeds for that
56.34 year.

57.1 Subd. 3. Loans for acquisition and relocation. (a) The commissioner may make loans
57.2 to acquiring authorities within the metropolitan area to purchase homestead property located
57.3 in a proposed state trunk highway right-of-way or project and to provide relocation assistance.
57.4 Acquiring authorities are authorized to accept the loans and to acquire the property. Except
57.5 as provided in this subdivision, the loans shall be made as provided in subdivision 2. Loans
57.6 shall be in the amount of the fair market value of the homestead property plus relocation
57.7 costs and less salvage value. Before construction of the highway begins, the acquiring
57.8 authority shall convey the property to the commissioner at the same price it paid, plus
57.9 relocation costs and less its salvage value. Acquisition and assistance under this subdivision
57.10 must conform to sections 117.50 to 117.56.

57.11 (b) The commissioner may make loans only when:

57.12 (1) the owner of affected homestead property requests acquisition and relocation
57.13 assistance from an acquiring authority;

57.14 (2) federal or state financial participation is not available;

57.15 (3) the owner is unable to sell the homestead property at its appraised market value
57.16 because the property is located in a proposed state trunk highway right-of-way or project
57.17 as indicated on an official map or plat adopted under section 160.085, 394.361, or 462.359;
57.18 and

57.19 (4) the commissioner agrees to and approves the fair market value of the homestead
57.20 property, the approval of which shall not be unreasonably withheld.

57.21 (c) For purposes of this subdivision, the following terms have the meanings given them:

57.22 (1) "acquiring authority" means counties, towns, and statutory and home rule charter
57.23 cities;

57.24 (2) "homestead property" means:

57.25 (i) a single-family dwelling occupied by the owner, and the surrounding land, not
57.26 exceeding a total of ten acres; or

57.27 (ii) a manufactured home, as defined in section 327B.01, subdivision 13; and

57.28 (3) "salvage value" means the probable sale price of the dwelling and other property
57.29 that is severable from the land if offered for sale on the condition that the property that is
57.30 severable from the land must be removed from the land at the buyer's expense, allowing a
57.31 reasonable time to find a buyer with knowledge of the possible uses of the property, including

58.1 separate use of serviceable components and scrap when there is no other reasonable prospect
58.2 of sale.

58.3 **EFFECTIVE DATE.** This section is effective January 1, 2018.

58.4 Sec. 2. Minnesota Statutes 2016, section 161.46, subdivision 2, is amended to read:

58.5 Subd. 2. **Relocation of facilities; reimbursement.** (a) Whenever the commissioner shall
58.6 determine the relocation of any utility facility is necessitated by the construction of a project
58.7 on the routes of federally aided state trunk highways, including urban extensions thereof,
58.8 which routes are included within the National System of Interstate Highways, the owner or
58.9 operator of such utility facility shall relocate the same in accordance with the order of the
58.10 commissioner. After the completion of such relocation the cost thereof shall be ascertained
58.11 and paid by the state out of trunk highway funds; provided, however, the amount to be paid
58.12 by the state for such reimbursement shall not exceed the amount on which the federal
58.13 government bases its reimbursement for said interstate system.

58.14 (b) Notwithstanding paragraph (a), any utility facility installed after August 1, 2017, is
58.15 not eligible for relocation reimbursement.

58.16 Sec. 3. Minnesota Statutes 2016, section 168.013, subdivision 8, is amended to read:

58.17 Subd. 8. **Tax proceeds to highway user fund; fee proceeds to vehicle services account.**
58.18 (a) Unless otherwise specified in this chapter, the net proceeds of the registration tax imposed
58.19 under this chapter, including the penalty surcharge for late payment, imposed in section
58.20 168.31, subdivision 1a, must be collected by the commissioner, paid into the state treasury,
58.21 and credited to the highway user tax distribution fund.

58.22 (b) All fees collected under this chapter, unless otherwise specified, must be deposited
58.23 in the vehicle services operating account in the special revenue fund under section 299A.705.

58.24 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to vehicle
58.25 registration taxes due and unpaid on and after that date.

58.26 Sec. 4. Minnesota Statutes 2016, section 168.12, subdivision 1, is amended to read:

58.27 Subdivision 1. **Plates; design, visibility, periods of issuance.** (a) The commissioner,
58.28 upon approval and payment, shall issue to the applicant the plates required by this chapter,
58.29 bearing the state name and an assigned vehicle registration number. The number assigned
58.30 by the commissioner may be a combination of a letter or sign with figures. The color of the
58.31 plates and the color of the abbreviation of the state name and the number assigned must be

59.1 in marked contrast. The plates must be lettered, spaced, or distinguished to suitably indicate
59.2 the registration of the vehicle according to the rules of the commissioner.

59.3 (b) When a vehicle is registered on the basis of total gross weight, the plates issued must
59.4 clearly indicate by letters or other suitable insignia the maximum gross weight for which
59.5 the tax has been paid.

59.6 (c) Plates issued to a noncommercial vehicle must bear the inscription "noncommercial"
59.7 unless the vehicle is displaying a special plate authorized and issued under this chapter.

59.8 (d) A one-ton pickup truck that is used for commercial purposes and is subject to section
59.9 168.185, is eligible to display special plates as authorized and issued under this chapter.

59.10 (e) The plates must be so treated as to be at least 100 times brighter than the conventional
59.11 painted number plates. When properly mounted on an unlighted vehicle, the plates, when
59.12 viewed from a vehicle equipped with standard headlights, must be visible for a distance of
59.13 not less than 1,500 feet and readable for a distance of not less than 110 feet.

59.14 (f) The commissioner shall issue plates for the following periods:

59.15 (1) New plates issued pursuant to section 168.012, subdivision 1, must be issued to a
59.16 vehicle for as long as the vehicle is owned by the exempt agency and the plate shall not be
59.17 transferable from one vehicle to another but the plate may be transferred with the vehicle
59.18 from one tax-exempt agency to another.

59.19 (2) Plates issued for passenger automobiles must be issued for a ~~seven-year~~ ten-year
59.20 period. All plates issued under this paragraph must be replaced if they are ~~seven~~ ten years
59.21 old or older at the time of registration renewal or will become so during the registration
59.22 period.

59.23 (3) Plates issued under sections 168.053 and 168.27, subdivisions 16 and 17, must be
59.24 for a ~~seven-year~~ ten-year period.

59.25 (4) Plates issued under subdivisions 2c and 2d and section 168.123 must be issued for
59.26 the life of the veteran under section 169.79.

59.27 (5) Plates for any vehicle not specified in clauses (1) to (3) must be issued for the life
59.28 of the vehicle.

59.29 (g) In a year in which plates are not issued, the commissioner shall issue for each
59.30 registration a sticker to designate the year of registration. This sticker must show the year
59.31 or years for which the sticker is issued, and is valid only for that period. The plates and

60.1 stickers issued for a vehicle may not be transferred to another vehicle during the period for
60.2 which the sticker is issued, except when issued for a vehicle registered under section 168.187.

60.3 (h) Despite any other provision of this subdivision, plates issued to a vehicle used for
60.4 behind-the-wheel instruction in a driver education course in a public school may be
60.5 transferred to another vehicle used for the same purpose without payment of any additional
60.6 fee. The public school shall notify the commissioner of each transfer of plates under this
60.7 paragraph. The commissioner may prescribe a format for notification.

60.8 Sec. 5. Minnesota Statutes 2016, section 168.31, is amended by adding a subdivision to
60.9 read:

60.10 Subd. 1a. **Penalty surcharge for late payment.** Except as otherwise provided in
60.11 subdivisions 4 and 4a, a vehicle owner who has failed to pay the tax required under this
60.12 chapter on or before the due date shall pay in full the tax due on the vehicle, together with
60.13 a penalty surcharge of \$25 for each month or portion of a month following the expiration
60.14 of the registration period, except that the amount of the late fee may not exceed \$100.

60.15 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to vehicle
60.16 registration taxes due and unpaid on and after that date.

60.17 Sec. 6. **[174.53] FEDERAL FUND FLEXIBILITY PROGRAM.**

60.18 The commissioner shall establish a program to allow greater flexibility and efficiency
60.19 in the allocation of federal funds for state-aid transportation projects. The commissioner
60.20 shall:

60.21 (1) establish and administer selection criteria and a process under which a local unit of
60.22 government that would otherwise receive federal funds for a local transportation project
60.23 would be able to finance the project with state funds instead of federal funds;

60.24 (2) redirect the unused federal funds to transportation projects for which federal funds
60.25 could be utilized by the state more efficiently and productively;

60.26 (3) achieve a reasonable degree of equity among the department districts in distributing
60.27 funds under the program; and

60.28 (4) ensure that the state's receipt of federal funds for transportation projects is not
60.29 jeopardized by the program.

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

61.1 Sec. 7. Minnesota Statutes 2016, section 473.167, is amended to read:

61.2 **473.167 HIGHWAY AND TRANSIT PROJECTS.**

61.3 Subd. 2. **Loans for acquisition.** (a) The council may make loans to counties, towns,
61.4 and statutory and home rule charter cities within the metropolitan area for the purchase of
61.5 property within the right-of-way of a state trunk highway shown on an official map adopted
61.6 pursuant to section 394.361 or 462.359 ~~or~~ for the purchase of property within the proposed
61.7 right-of-way of a principal or intermediate arterial highway designated by the council as a
61.8 part of the metropolitan highway system plan and approved by the council pursuant to
61.9 section 473.166, or for the purchase of property needed for proposed transit-related capital
61.10 improvements, including transitways designated in the council's most recent transportation
61.11 policy plan. The loans shall be made by the council, from the fund established pursuant to
61.12 this subdivision, for purchases approved by the council. The loans shall bear no interest.

61.13 (b) The council shall make loans only:

61.14 (1) to accelerate the acquisition of primarily undeveloped property when there is a
61.15 reasonable probability that the property will increase in value before highway or
61.16 transit-related construction, and to update an expired environmental impact statement on a
61.17 project for which the right-of-way is being purchased;

61.18 (2) to avert the imminent conversion or the granting of approvals which would allow
61.19 the conversion of property to uses which would jeopardize its availability for highway or
61.20 transit-related construction;

61.21 (3) to advance planning and environmental activities on highest priority major
61.22 metropolitan river crossing projects, under the transportation development guide
61.23 chapter/policy plan; or

61.24 (4) to take advantage of open market opportunities when developed properties become
61.25 available for sale, provided all parties involved are agreeable to the sale and funds are
61.26 available.

61.27 (c) The council shall not make loans for the purchase of property at a price which exceeds
61.28 the fair market value of the property or which includes the costs of relocating or moving
61.29 persons or property. The eminent domain process may be used to settle differences of opinion
61.30 as to fair market value, provided all parties agree to the process.

61.31 (d) A private property owner may elect to receive the purchase price either in a lump
61.32 sum or in not more than four annual installments without interest on the deferred installments.
61.33 If the purchase agreement provides for installment payments, the council shall make the

62.1 loan in installments corresponding to those in the purchase agreement. The recipient of an
62.2 acquisition loan shall convey the property for the construction of the highway at the same
62.3 price which the recipient paid for the property. The price may include the costs of preparing
62.4 environmental documents that were required for the acquisition and that were paid for with
62.5 money that the recipient received from the loan fund. Upon notification by the council that
62.6 the plan to construct the highway or transit project has been abandoned or the anticipated
62.7 location of the highway or transit project changed, the recipient shall sell the property at
62.8 market value in accordance with the procedures required for the disposition of the property.
62.9 All rents and other money received because of the recipient's ownership of the property and
62.10 all proceeds from the conveyance or sale of the property shall be paid to the council. If a
62.11 recipient is not permitted to include in the conveyance price the cost of preparing
62.12 environmental documents that were required for the acquisition, then the recipient is not
62.13 required to repay the council an amount equal to 40 percent of the money received from
62.14 the loan fund and spent in preparing the environmental documents.

62.15 (e) The proceeds of the tax authorized by subdivision 3, all money paid to the council
62.16 by recipients of loans, and all interest on the proceeds and payments shall be maintained as
62.17 a separate fund. For administration of the loan program, the council may expend from the
62.18 fund each year an amount no greater than three percent of the amount of the proceeds for
62.19 that year.

62.20 Subd. 2a. **Loans for acquisition and relocation.** (a) The council may make loans to
62.21 acquiring authorities within the metropolitan area to purchase homestead property located
62.22 in a proposed state trunk highway right-of-way or project or transit-related project, and to
62.23 provide relocation assistance. Acquiring authorities are authorized to accept the loans and
62.24 to acquire the property. Except as provided in this subdivision, the loans shall be made as
62.25 provided in subdivision 2. Loans shall be in the amount of the fair market value of the
62.26 homestead property plus relocation costs and less salvage value. Before construction of the
62.27 highway or transit-related project begins, the acquiring authority shall convey the property
62.28 to the commissioner of transportation or council at the same price it paid, plus relocation
62.29 costs and less its salvage value. Acquisition and assistance under this subdivision must
62.30 conform to sections 117.50 to 117.56.

62.31 (b) The council may make loans only when:

62.32 (1) the owner of affected homestead property requests acquisition and relocation
62.33 assistance from an acquiring authority;

62.34 (2) federal or state financial participation is not available;

63.1 (3) the owner is unable to sell the homestead property at its appraised market value
 63.2 because the property is located in a proposed state trunk highway right-of-way or project
 63.3 as indicated on an official map or plat adopted under section 160.085, 394.361, or 462.359,
 63.4 or transit-related project; and

63.5 (4) the council agrees to and approves the fair market value of the homestead property,
 63.6 which approval shall not be unreasonably withheld.

63.7 (c) For purposes of this subdivision, the following terms have the meanings given them.

63.8 (1) "Acquiring authority" means counties, towns, and statutory and home rule charter
 63.9 cities in the metropolitan area.

63.10 (2) "Homestead property" means: (i) a single-family dwelling occupied by the owner,
 63.11 and the surrounding land, not exceeding a total of ten acres; or (ii) a manufactured home,
 63.12 as defined in section 327B.01, subdivision 13.

63.13 (3) "Salvage value" means the probable sale price of the dwelling and other property
 63.14 that is severable from the land if offered for sale on the condition that it be removed from
 63.15 the land at the buyer's expense, allowing a reasonable time to find a buyer with knowledge
 63.16 of the possible uses of the property, including separate use of serviceable components and
 63.17 scrap when there is no other reasonable prospect of sale.

63.18 Subd. 3. **Tax.** The council may levy a tax on all taxable property in the metropolitan
 63.19 area, as defined in section 473.121, to provide funds for loans made pursuant to subdivisions
 63.20 2 and 2a. This tax for the right-of-way acquisition loan fund shall be certified by the council,
 63.21 levied, and collected in the manner provided by section 473.13. The tax shall be in addition
 63.22 to that authorized by section 473.249 and any other law and shall not affect the amount or
 63.23 rate of taxes which may be levied by the council or any metropolitan agency or local
 63.24 governmental unit. The amount of the levy shall be as determined and certified by the
 63.25 council, provided that the tax levied by the Metropolitan Council for the right-of-way
 63.26 acquisition loan fund shall not exceed ~~\$2,828,379 for taxes payable in 2004 and \$2,828,379~~
 63.27 ~~for taxes payable in 2005. The amount of the levy for taxes payable in 2006 and subsequent~~
 63.28 ~~years shall not exceed~~ the product of (1) the Metropolitan Council's property tax levy
 63.29 limitation under this subdivision for the previous year, multiplied by (2) one plus a percentage
 63.30 equal to the growth in the implicit price deflator as defined in section 275.70, subdivision
 63.31 2.

63.32 Subd. 4. **State review.** The commissioner of revenue shall certify the council's levy
 63.33 limitation under this section to the council by August 1 of the levy year. The council must
 63.34 certify its proposed property tax levy to the commissioner of revenue by September 1 of

64.1 the levy year. The commissioner of revenue shall annually determine whether the property
64.2 tax for the right-of-way acquisition loan fund certified by the Metropolitan Council for levy
64.3 following the adoption of its proposed budget is within the levy limitation imposed by this
64.4 section. The determination must be completed prior to September 10 of each year. If current
64.5 information regarding market valuation in any county is not transmitted to the commissioner
64.6 in a timely manner, the commissioner may estimate the current market valuation within that
64.7 county for purposes of making the calculation.

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

64.9 Sec. 8. Laws 2014, chapter 312, article 11, section 33, is amended to read:

64.10 Sec. 33. **TRANSPORTATION EFFICIENCIES.**

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

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

64.25 (c) The commissioner shall present in the report plans to incorporate greater efficiencies
64.26 in department operation and decision-making, including, but not limited to, the following:
64.27 financing innovations; mode choice in project selection and design; land use planning; return
64.28 on investment calculation; project delivery, including selection of materials and decreasing
64.29 project delivery time; and efficiencies in multiagency permitting.

64.30 **ARTICLE 8**

64.31 **TRANSPORTATION POLICY**

64.32 Section 1. **[174.13] OLMSTEAD PLAN GOALS FOR IMPROVED ACCESSIBILITY.**

65.1 By December 31, 2020, the department must:

65.2 (1) make accessibility improvements to 4,200 curb ramps, 250 accessible pedestrian
65.3 signals, and 30 miles of sidewalk;

65.4 (2) increase the annual number of passenger trips to 18.8 million in greater Minnesota
65.5 by providing additional rides and service hours;

65.6 (3) expand transit coverage so that 90 percent of the public transportation service areas
65.7 in Minnesota will meet minimum service guidelines for access; and

65.8 (4) achieve 90 percent or greater on-time performance for transit systems statewide.

65.9 The improvements required by this section must be measured against the numbers for each
65.10 category as they existed in January 1, 2013.

65.11 **Sec. 2. [174.38] ACTIVE TRANSPORTATION PROGRAMS.**

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

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

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

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

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

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

65.26 (d) "Council" means the Metropolitan Council, as defined in section 473.121, subdivision
65.27 3.

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

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

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

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

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

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

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

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

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

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

66.26 (1) a political subdivision; and

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

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

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

67.3 Subd. 5. **State general obligation bond funds.** The legislature determines that many
67.4 nonmotorized transportation infrastructure projects constitute betterments and capital
67.5 improvements within the meaning of the Minnesota Constitution, article XI, section 5,
67.6 paragraph (a), and capital expenditures under generally accepted accounting principles and
67.7 are financed more efficiently and economically by this section than by direct appropriations
67.8 for specific projects.

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

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

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

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

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

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

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

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

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

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

67.30 (6) geographic equity in project benefits, as well as benefits in areas or locations
67.31 experiencing high rates of pedestrian or bicycle collisions, high rates of health disparities,
67.32 and high concentration of poverty.

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

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

68.9 Sec. 3. Minnesota Statutes 2016, section 174.42, is amended by adding a subdivision to
68.10 read:

68.11 Subd. 3. **Funding requirement for greater Minnesota.** In each federal fiscal year, the
68.12 commissioner shall spend out of National Highway Performance Program funds a total
68.13 amount in federal transportation funds for an active transportation competitive grant program
68.14 in greater Minnesota that totals a minimum of \$16,000,000 in excess of the average annual
68.15 spending on greater Minnesota transportation alternatives projects under section 174.38 in
68.16 federal fiscal years between October 2009 and September 2012. National Highway
68.17 Performance Program funds may be converted to Surface Transportation Program funds or
68.18 Transportation Alternative Program funds to fulfill the requirements of this section. This
68.19 requirement must not reduce the amount of federal transportation funding for metropolitan
68.20 projects.

68.21 **EFFECTIVE DATE.** This section is effective October 1, 2017.

68.22 Sec. 4. Minnesota Statutes 2016, section 174.50, is amended by adding a subdivision to
68.23 read:

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

68.28 Sec. 5. **[219.016] RAILROAD COMPANY ASSESSMENT; ACCOUNT;**
68.29 **APPROPRIATION.**

68.30 (a) As provided in this section, the commissioner shall annually assess railroad companies
68.31 that are: (1) defined as common carriers under section 218.011; (2) classified by federal

69.1 law or regulation as Class I Railroads or Class I Rail Carriers; and (3) operating in this state.

69.2 The total assessment amount may not exceed \$32,500,000 annually.

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

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

69.15 **Sec. 6. TRANSPORTATION PROJECT SELECTION PROCESS.**

69.16 Subdivision 1. **Adoption of process and public input.** After consultation with
69.17 metropolitan planning organizations, regional development commissions, area transportation
69.18 partnerships, local governments, and the Metropolitan Council, the commissioner of
69.19 transportation shall draft a proposed transportation project data-driven evaluation process
69.20 to provide an objective and consistent analysis to assist in developing the statewide
69.21 transportation plan and prioritization of highway construction, reconstruction, and
69.22 improvement projects in the state transportation improvement program. No later than
69.23 September 1, 2017, the proposed process must be reported to the chairs and ranking minority
69.24 members of the senate and house of representatives committees with jurisdiction over
69.25 transportation policy and finance and publicized, along with a schedule for public hearings
69.26 and additional opportunities for public input, electronically and at locations throughout the
69.27 state. No later than January 10, 2018, after public comment has been heard and incorporated
69.28 into the proposed evaluation process, the commissioner shall adopt a final process for use
69.29 in highway project investment decisions on and after March 1, 2018.

69.30 Subd. 2. **Factors in analysis.** The process must be based on objective, consistent, and
69.31 quantifiable analysis. Factors in the analysis must include return on investment, benefit-cost,
69.32 local rankings, safety, congestion mitigation, economic development, accessibility,
69.33 environmental quality, regional and metropolitan-rural balance, and land use. The process

70.1 may assign different weights to factors in evaluating projects on the trunk highway system,
70.2 the county state-aid highway system, and the municipal state-aid street system.

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

70.4 (1) funded by a grant from:

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

70.6 (ii) the transportation economic development program under Minnesota Statutes, section
70.7 174.12; and

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

70.9 or

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

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

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

70.17 **Sec. 7. ESTABLISHMENT OF ROAD-USER CHARGE WORKING GROUP.**

70.18 Subdivision 1. **Road-user charge.** The road-user charge working group is established
70.19 to study and report to the legislature concerning issues related to designing and implementing
70.20 a road-user charge in this state. The road-user charge working group consists of 15 members,
70.21 as follows:

70.22 (1) the chairs and ranking minority members of the house of representatives and senate
70.23 committees or divisions with jurisdiction over transportation policy and finance;

70.24 (2) the commissioner of transportation or a designee; and

70.25 (3) public members who have relevant expertise and interest, including members or
70.26 representatives of transportation user groups, the telecommunications industry, the data
70.27 security and privacy industry, privacy rights advocacy groups, and research and policy
70.28 making bodies. Of these members, five must be appointed by the speaker of the house and
70.29 five must be appointed by the majority leader of the senate.

70.30 Subd. 2. **Duties of road-user charge working group.** The working group shall identify
70.31 and consider policy and technical issues related to funding state transportation infrastructure

71.1 through implementation of a road-user charge as an alternative to the motor fuels tax. The
71.2 working group shall study and make recommendations concerning cost, privacy, jurisdictional
71.3 issues, feasibility, complexity, public acceptance, use of revenues, possible constitutional
71.4 dedication, security, compliance, data collection technology that includes privacy and user
71.5 options, implementation, and related issues. In addition, the working group shall seek and
71.6 facilitate collaboration with other states, review pilot project and implementation results
71.7 from other states and countries, and explore federal funding opportunities.

71.8 Subd. 3. **Report of working group.** By January 15, 2019, the working group shall
71.9 submit a report to the chairs of the committees in the senate and house of representatives
71.10 with jurisdiction over transportation policy and finance. The report must state findings and
71.11 recommendations concerning a road-user charge. The report may recommend the
71.12 development by the commissioner of transportation of an implementation plan that may:

71.13 (1) identify a project implementation timeline, which may include pilot programs, limited
71.14 initial deployment, multiple fee structure options for road users, and phased implementation;

71.15 (2) identify a fee structure, which must include distance traveled and may include
71.16 additional factors such as vehicle weight, vehicle impact on roadways, fuel type, and vehicle
71.17 type;

71.18 (3) include a fiscal analysis that identifies costs, revenue projections, and any associated
71.19 tax rate changes;

71.20 (4) establish a technological and operational architecture for the system;

71.21 (5) address program and system administration, including but not limited to data privacy,
71.22 data integrity, and accuracy of information; and

71.23 (6) be based in surface transportation finance principles, including:

71.24 (i) efficiency, including impacts on road system use and land use;

71.25 (ii) equity across road system users and vehicles, including:

71.26 (A) user payment relative to user costs imposed;

71.27 (B) the distribution of the burden of a fee structure that includes the factors required
71.28 under Minnesota Statutes, section 270C.13, subdivision 1, clauses (1) to (3); and

71.29 (C) identification of and possible fiscal offsets for any disparate impact on users based
71.30 on geographic location of their residency;

71.31 (iii) revenue adequacy and long-term suitability of funding after complete implementation;

72.1 (iv) environmental impacts and sustainability;

72.2 (v) administrative and technical feasibility, including data privacy and protection;

72.3 (vi) transparency; and

72.4 (vii) accountability.

72.5 Subd. 4. **Administrative provisions.** (a) The commissioner of transportation or the
 72.6 commissioner's designee shall convene the initial meeting of the working group no later
 72.7 than September 1, 2017. Upon request of the working group, the commissioner shall provide
 72.8 meeting space and administrative services for the group. The members of the working group
 72.9 shall elect a chair or cochairs from the members of the working group at the initial meeting.

72.10 (b) Public members of the working group serve without compensation or payment of
 72.11 expenses.

72.12 (c) The working group expires May 1, 2019, or upon submission of the report required
 72.13 under subdivision 3, whichever is earlier.

72.14 (d) The working group may accept gifts and grants, which are accepted on behalf of the
 72.15 state and constitute donations to the state. Funds received under this paragraph are
 72.16 appropriated to the commissioner of transportation for purposes of the working group.

72.17 Subd. 5. **Deadline for appointments and designations.** The appointments and
 72.18 designations for the road-user charge working group must be completed by August 1, 2017.

72.19 **Sec. 8. REGULAR ROUTE TRANSIT REQUIREMENT.**

72.20 By September 1, 2017, the Metropolitan Council shall institute regular route transit
 72.21 service to the city of Hastings, provided that the governing body of the city of Hastings has
 72.22 entered into an agreement with the Metropolitan Council, no later than July 1, 2017, to
 72.23 become a part of the transit taxing district under Minnesota Statutes, section 473.4461.

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

72.25 **Sec. 9. ENHANCED ORGANIZATIONAL EFFECTIVENESS AND INNOVATION**
 72.26 **REVIEW.**

72.27 (a) A review and assessment of the organizational structure of the Department of
 72.28 Transportation is required to enhance organizational effectiveness, encourage prudent
 72.29 allocation of resources, and deliver the greatest value to Minnesota. This review and
 72.30 assessment shall be completed by a partnership that includes the Humphrey School of Public

73.1 Affairs, Carlson School of Management, and the State Smart Transportation Initiative at
73.2 the University of Wisconsin.

73.3 (b) A preliminary report of this review and assessment shall be submitted to the chairs
73.4 and ranking minority members of the legislative committees having jurisdiction over
73.5 transportation policy and finance by December 15, 2017, with the final report submitted by
73.6 June 30, 2018.

73.7 (c) At a minimum, the review and assessment shall include:

73.8 (1) the relationship of each district, division, office, and section of the department to the
73.9 state's transportation goals under Minnesota Statutes, section 174.01; the department's
73.10 mission under Minnesota Statutes, section 174.02; the duties of the commissioner under
73.11 Minnesota Statutes, section 174.03; the annual performance targets under Minnesota Statutes,
73.12 section 174.03, subdivision 1c; and adherence to all relevant provisions of state statute and
73.13 federal law;

73.14 (2) the budget assigned to each district, division, office, and section of the department;

73.15 (3) the ratio of employees to supervisors in each district, division, office, and section of
73.16 the department;

73.17 (4) recommendations identifying best practices and comparisons with other state
73.18 departments of transportation;

73.19 (5) recommendations regarding the appropriate ratio of employees to supervisors for
73.20 the variety of activities performed by the department;

73.21 (6) recommendations regarding the appropriate increase in department operations resulting
73.22 from increases in capital investments;

73.23 (7) recommendations regarding the appropriate fiscal responsibility assigned to
73.24 construction inspectors and engineers;

73.25 (8) recommendations regarding the appropriate, fiscally constrained size of the trunk
73.26 highway system; and

73.27 (9) recommendations regarding how to achieve the appropriate, fiscally constrained size
73.28 of the trunk highway system.

73.29 **EFFECTIVE DATE.** This section is effective July 1, 2017.

74.1 **Sec. 10. ACTIVE TRANSPORTATION PROGRAM DEVELOPMENT.**

74.2 (a) By October 1, 2017, the Advisory Committee on Nonmotorized Transportation under
74.3 Minnesota Statutes, section 174.37, shall develop and submit recommendations to each
74.4 administering authority under Minnesota Statutes, section 174.38, for developing project
74.5 evaluation and selection processes under Minnesota Statutes, section 174.38, subdivision
74.6 7. The advisory committee may consult with representatives from the Bicycle Alliance of
74.7 Minnesota, Minnesota Chamber of Commerce, Metropolitan Council Transportation
74.8 Accessibility Advisory Committee, Minnesota Department of Transportation district area
74.9 transportation partnerships, Minnesota State Council on Disability, organizations representing
74.10 elderly populations, and public health organizations with experience in active transportation.

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

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

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Article locations in 17-4002

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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.