ARTICLE 3

TRANSPORTATION-RELATED TAXES

Section 1. Minnesota Statutes 2022, section 162.145, subdivision 2, is amended to read:

Subd. 2. Small cities assistance account. A small cities assistance account is created in the special revenue fund. The account consists of funds as provided by law, and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account is annually appropriated to the commissioner of transportation and may only be expended as provided under this section.

Subd. 3. Administration. (a) Subject to funds made available by law, the commissioner must allocate all funds in the small cities assistance account as provided in subdivision 4 and must, by June 1, certify to the commissioner of revenue the amounts to be paid.

(b) Following certification from the commissioner, the commissioner of revenue must distribute the specified funds to cities in the same manner as local government aid under chapter 477A. An appropriation to the commissioner under this section is available to the commissioner of revenue for the purposes specified in this paragraph.

(c) Notwithstanding other law to the contrary, in order to receive distributions under this section, a city must conform to the standards in section 477A.017, subdivision 2. A city that receives funds under this section must make and preserve records necessary to show that the funds are spent in compliance with subdivision 5.

Sec. 2. Minnesota Statutes 2022, section 162.145, subdivision 3, is amended to read:

Subd. 3. Administration. (a) Subject to funds made available by law, the commissioner must allocate all funds in the small cities assistance account as provided in subdivision 4.

(b) Following certification from the commissioner, the commissioner of revenue must distribute the specified funds to cities in the same manner as local government aid under chapter 477A. An appropriation to the commissioner under this section is available to the commissioner of revenue for the purposes specified in this paragraph.

(c) Notwithstanding other law to the contrary, in order to receive distributions under this section, a city must conform to the standards in section 477A.017, subdivision 2. A city that receives funds under this section must make and preserve records necessary to show that the funds are spent in compliance with subdivision 5.

Sec. 3. Minnesota Statutes 2022, section 162.145, subdivision 4, is amended to read:

Subd. 4. Distribution formula. (a) In each fiscal year in which funds are available under this section, the commissioner shall allocate funds to eligible cities.

(b) The preliminary aid to each city is calculated as follows:

1. five percent of funds allocated equally among all eligible cities;

2. 35 percent of funds allocated proportionally based on each city's share of lane miles of municipal streets compared to total lane miles of municipal streets of all eligible cities;

3. 35 percent of funds allocated proportionally based on each city's share of population compared to total population of all eligible cities; and

4. 25 percent of funds allocated proportionally based on each city's share of state-aid adjustment factor compared to the sum of state-aid adjustment factors of all eligible cities.

(c) (b) The final aid to each city is calculated as the lesser of:

1. the preliminary aid to the city multiplied by an aid factor; or
(2) the maximum aid. The commissioner shall set the aid factor under paragraph (b), which must be the same for all eligible cities, so that the total funds allocated under this subdivision equals the total amount available for the fiscal year.

Sec. 4. [162.146] LARGER CITIES ASSISTANCE ACCOUNT.

Subdivision 1. Larger cities assistance account. A larger cities assistance account is created in the special revenue fund. The account consists of money allotted, appropriated, or transferred through gift or grant to the account. Money in the account is annually appropriated to the commissioner of transportation for apportionment among all the cities that are eligible to receive municipal state aid under sections 162.09 to 162.14.

Subd. 2. Distribution formula. The commissioner must apportion: (1) 50 percent of the money so that of that amount, each city receives the percentage that its population bears to the total population of all cities that are eligible to receive municipal state aid under sections 162.09 to 162.14; and (2) 50 percent of the money so that of that amount, each city receives the percentage that its money needs, as determined by the commissioner under section 162.13, subdivision 3, bears to the total money needs of all cities that are eligible to receive municipal state aid under sections 162.09 to 162.14.

Section 1. Minnesota Statutes 2022, section 163.051, subdivision 1, is amended to read:

Subdivision 1. Tax authorized. (a) Except as provided in paragraph (c), the board of commissioners of each county is authorized to levy by resolution a wheelage tax at the rate specified in paragraph (b), on each motor vehicle that is kept in such county when not in operation and that is subject to annual registration and taxation under chapter 168. The board may provide by resolution for collection of the wheelage tax by county officials or it may request that the tax be collected by the state registrar of motor vehicles. The state registrar of motor vehicles shall collect such tax on behalf of the county if requested, as provided in subdivision 2.

(b) The wheelage tax under this section is at the rate of up to $20 per year, in any increment of a whole dollar, as specified by each county that authorizes the tax.

(c) The following vehicles are exempt from the wheelage tax:

1. motorcycles, as defined in section 169.011, subdivision 44;
2. motorized bicycles, as defined in section 169.011, subdivision 45; and
3. motorized foot scooters, as defined in section 169.011, subdivision 46; and
4. vehicles that meet the requirements under section 168.012, subdivision 13.

(d) For any county that authorized the tax prior to May 24, 2013, the wheelage tax continues at the rate provided under paragraph (b).
EFFECTIVE DATE. This section is effective the day following final enactment and applies to taxes payable for a registration period starting on or after January 1, 2024.

Sec. 2. Minnesota Statutes 2022, section 168.012, is amended by adding a subdivision to read:

Subd. 13. Vehicles registered by certain veterans. (a) A passenger automobile, one-ton pickup truck, motorcycle, or recreational vehicle registered by a veteran with a total service-connected disability, as defined in section 171.01, subdivision 51, is not subject to:

(1) registration taxes under this chapter;
(2) administrative fees imposed under subdivision 1c;
(3) filing fees imposed under section 168.33, subdivision 7; or
(4) plate and validation sticker fees imposed under this chapter, including but not limited to:

(i) fees under section 168.12, subdivision 5;
(ii) fees identified in any section authorizing special plates; and
(iii) transfer fees.

(b) The exemptions under this subdivision apply to a motor vehicle that is jointly registered by a qualifying veteran and a spouse or domestic partner.

(c) The fees identified under paragraph (a), clause (4), do not include:

(1) a fee for personalized plates under section 168.12, subdivision 2a; or
(2) a required contribution or donation for a special plate, including but not limited to a contribution under sections 168.1255, subdivision 1, clause (6); 168.129, subdivision 1, clause (5); 168.1295, subdivision 1, paragraph (a), clause (5); 168.1296, subdivision 1, paragraph (a), clause (5); and 168.1299, subdivision 1, clause (3).

(d) A qualifying veteran may register no more than two motor vehicles at the same time with the exemptions under this subdivision. Nothing in this paragraph prevents registration of additional motor vehicles as otherwise provided in this chapter.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to taxes and fees payable for a registration period starting on or after January 1, 2024.

Sec. 5. Minnesota Statutes 2022, section 168.013, subdivision 1a, is amended to read:
(1) for a vehicle initially registered in Minnesota prior to November 16, 2020, \( \frac{47.15}{47.12} \cdot 1.915 \) percent of the manufacturer's suggested retail price of the vehicle and the destination charge, subject to the adjustments in paragraphs (f) and (g); or

(2) for a vehicle initially registered in Minnesota on or after November 16, 2020, \( \frac{47.15}{47.12} \cdot 1.05 \) percent of the manufacturer's suggested retail price of the vehicle, subject to the adjustments in paragraphs (f) and (g).

(b) The registration tax calculation must not include the cost of each accessory or item of optional equipment separately added to the vehicle and the manufacturer's suggested retail price. The registration tax calculation must not include a destination charge, except for a vehicle previously registered in Minnesota prior to November 16, 2020.

(c) In the case of the first registration of a new vehicle sold or leased by a licensed dealer, the dealer may elect to individually determine the registration tax on the vehicle using manufacturer's suggested retail price information provided by the manufacturer. The registrar must use the manufacturer's suggested retail price determined by the dealer as provided in paragraph (d). A dealer that elects to make the determination must retain a copy of the manufacturer's suggested retail price label or other supporting documentation with the vehicle transaction records maintained under Minnesota Rules, part 7400.5200.

(d) The registrar must determine the manufacturer's suggested retail price:

(1) using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry;

(2) if the list price information is unavailable, using the amount determined by a licensed dealer under paragraph (c);

(3) if a dealer does not determine the amount, using the retail price label as provided by the manufacturer under United States Code, title 15, section 1232; or

(4) if the retail price label is not available, using the actual sales price of the vehicle.

If the registrar is unable to ascertain the manufacturer's suggested retail price of any registered vehicle in the foregoing manner, the registrar may use any other available source or method.

(e) The registrar must calculate the registration tax using information available to dealers and deputy registrars at the time the initial application for registration is submitted.

(f) The amount under paragraph (a), clauses (1) and (2), must be calculated based on a percentage of the manufacturer's suggested retail price, as follows:

- (1) during the first year of vehicle life, upon 100 percent of the price;
- (2) for the second year, 90 percent of the price;
- (3) for the third year, 78 percent of the price;
- (4) for the fourth year, 60 percent of the price;

(1) for a vehicle initially registered in Minnesota prior to November 16, 2020, \( \frac{47.15}{47.12} \cdot 1.54 \) percent of the manufacturer's suggested retail price of the vehicle and the destination charge, subject to the adjustments in paragraphs (f) and (g); or

(2) for a vehicle initially registered in Minnesota on or after November 16, 2020, \( \frac{47.15}{47.12} \cdot 1.575 \) percent of the manufacturer's suggested retail price of the vehicle, subject to the adjustments in paragraphs (f) and (g).

(b) The registration tax calculation must not include the cost of each accessory or item of optional equipment separately added to the vehicle and the manufacturer's suggested retail price. The registration tax calculation must not include a destination charge, except for a vehicle previously registered in Minnesota prior to November 16, 2020.

(c) In the case of the first registration of a new vehicle sold or leased by a licensed dealer, the dealer may elect to individually determine the registration tax on the vehicle using manufacturer's suggested retail price information provided by the manufacturer. The registrar must use the manufacturer's suggested retail price determined by the dealer as provided in paragraph (d). A dealer that elects to make the determination must retain a copy of the manufacturer's suggested retail price label or other supporting documentation with the vehicle transaction records maintained under Minnesota Rules, part 7400.5200.

(d) The registrar must determine the manufacturer's suggested retail price:

(1) using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry;

(2) if the list price information is unavailable, using the amount determined by a licensed dealer under paragraph (c);

(3) if a dealer does not determine the amount, using the retail price label as provided by the manufacturer under United States Code, title 15, section 1232; or

(4) if the retail price label is not available, using the actual sales price of the vehicle.

If the registrar is unable to ascertain the manufacturer's suggested retail price of any registered vehicle in the foregoing manner, the registrar may use any other available source or method.

(e) The registrar must calculate the registration tax using information available to dealers and deputy registrars at the time the initial application for registration is submitted.

(f) The amount under paragraph (a), clauses (1) and (2), must be calculated based on a percentage of the manufacturer's suggested retail price, as follows:

- (1) during the first year of vehicle life, upon 100 percent of the price;
- (2) for the second year, 95 percent of the price;
- (3) for the third year, 90 percent of the price;
- (4) for the fourth year, 80 percent of the price;
for the fifth year, 60 percent of the price; for the sixth year, 50 percent of the price; for the seventh year, 40 percent of the price; for the eighth year, 30 percent of the price; and for the ninth year, 20 percent of the price; and for the tenth year, ten percent of the price.

For the 11th and each succeeding year, the amount under paragraph (a), clauses (1) and (2), must be calculated as $25.

Except as provided in subdivision 23, for any vehicle previously registered in Minnesota and regardless of prior ownership, the total amount due under this subdivision and subdivision 1m must not exceed the smallest total amount previously paid or due on the vehicle.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to taxes payable for a registration period starting on or after January 1, 2024.
(e) The fees collected under this subdivision paragraph (a) by the department must be allocated as follows:

(1) of the fees collected under paragraph (a), clause (1), must be deposited as follows:

(i) $5.50 must be deposited in the driver and vehicle services operating account; and

(ii) $1.50 must be deposited in the driver and vehicle services technology account; and

(2) of the fees collected under paragraph (a), clause (2), must be deposited as follows:

(i) $3.50 must be deposited in the general fund in the transportation advancement account under section 174.49;

(ii) $6.00 must be deposited in the driver and vehicle services operating account; and

(iii) $1.50 must be deposited in the driver and vehicle services technology account.

EFFECTIVE DATE. This section is effective July 1, 2023, for transactions occurring on or after that date.

Sec. 5. Minnesota Statutes 2022, section 168.54, subdivision 5, is amended to read:

Subd. 5. Deposit of proceeds to general fund. The commissioner shall collect the proceeds of the fee imposed under this section and deposit them in the general fund pursuant to section 168A.31 in the transportation advancement account under section 174.49.

EFFECTIVE DATE. This section is effective July 1, 2023, for transactions occurring on or after that date.

Sec. 6. Minnesota Statutes 2022, section 168A.29, is amended by adding a subdivision to read:

Subd. 4. Exemption; vehicles for certain veterans. The department must not impose any fee under subdivision 1 if the certificate of title is being issued to a person and for a vehicle that meets the requirements under section 168.012, subdivision 13.

EFFECTIVE DATE. This section is effective January 1, 2024.

Sec. 7. [168E.01] DEFINITIONS.

Subdivision 1. Scope. As used in this chapter, the following terms have the meanings given.

Subd. 2. Clothing. "Clothing" has the meaning given in section 297A.67, subdivision 8.

Subd. 3. Commissioner. "Commissioner" means the commissioner of revenue.
Subd. 4. **Marketplace provider.** "Marketplace provider" has the meaning given in section 297A.66, subdivision 1, paragraph (d).

Subd. 5. **Person.** "Person" has the meaning given in section 297A.61, subdivision 2.

Subd. 6. **Retail delivery.** "Retail delivery" means a delivery to a person located in Minnesota of the following items as part of a retail sale:

1. tangible personal property that is subject to taxation under chapter 297A; and
2. clothing as defined under section 297A.67, subdivision 8.

Retail delivery does not include curbside delivery or pickup at the retailer's place of business.

Subd. 7. **Retail delivery fee.** "Retail delivery fee" means the fee imposed under section 168E.03 on retail deliveries.

Subd. 8. **Retail sale.** "Retail sale" has the meaning given in section 297A.61, subdivision 4.

Subd. 9. **Retailer.** "Retailer" means any person making sales, leases, or rental of personal property or services within or into the state of Minnesota that is required to remit the tax imposed under chapter 297A. Retailer includes:

1. retailer maintaining a place of business in this state;
2. marketplace provider maintaining a place of business in this state, as defined in section 297A.66, subdivision 1, paragraph (a);
3. retailer not maintaining a place of business in this state; and
4. marketplace provider not maintaining a place of business in this state, as defined in section 297A.66, subdivision 1, paragraph (b).

Subd. 10. **Tangible personal property.** "Tangible personal property" has the meaning given in section 297A.61, subdivision 10.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 8. **[168E.03] FEE IMPOSED.**

Subdivision 1. **Retail delivery fee imposed.** (a) A fee is imposed on each retailer equal to 75 cents on each transaction involving retail delivery in Minnesota. The retailer may, but is not required to, collect the fee from the purchaser. If separately stated on the invoice, bill of sale, or similar document given to the purchaser, the fee is excluded from the sales price for purposes of the tax imposed under chapter 297A.

(b) If the retailer collects the fee from the purchaser:

1. the retail delivery fee must be charged in addition to any other delivery fee; and
the retailer must show the total of the retail delivery fee and other delivery fees as separate items and distinct from the sales price and any other taxes or fees imposed on the retail delivery on the purchaser’s receipt, invoice, or other bill of sale. The receipt, invoice, or other bill of sale must state the retail delivery fee as “road improvement and food delivery fee.”

Subd. 2. Multiple items or shipments. The fee imposed under subdivision 1 is imposed once per transaction regardless of the number of shipments necessary to deliver the items of tangible personal property purchased or of the number of items of tangible personal property purchased.

Subd. 3. Returns and cancellations. The fee imposed under subdivision 1 is nonrefundable if any or all items purchased are returned to a retailer or if the retailer provides a refund or credit in the amount equal to or less than the purchase price. The fee must be refunded to the purchaser if the retail delivery is canceled by the purchaser, retailer, or delivery provider.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 9. [168E.05] EXEMPTIONS.

Subdivision 1. Transactions. The following retail deliveries are exempt from the fee imposed by this chapter:

(1) a retail delivery to a purchaser who is exempt from tax under chapter 297A; and

(2) a retail delivery on a motor vehicle for which a permit issued by the commissioner of transportation or a road authority is required under chapter 169 or 221 and the retailer has maintained books and records through reasonable and verifiable standards that the retail delivery was on a qualifying vehicle.

Subd. 2. Small businesses. The fee imposed by this chapter and the requirements of this chapter do not apply to:

(1) a retailer that made retail sales totaling less than $1,000,000 in the previous calendar year; and

(2) a marketplace provider when facilitating the sale of a retailer that made retail sales totaling less than $100,000 in the previous calendar year through the marketplace provider.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 10. [168E.07] COLLECTION AND ADMINISTRATION.

Subdivision 1. Returns; payment of fees. (a) A retailer must report the fee on a return prescribed by the commissioner and must remit the fee with the return. The return and fee must be filed and paid using the filing cycle and due dates provided for taxes imposed under chapter 297A.
Subd. 2. Collection and remittance. A retailer that collects the fee from the purchaser must collect the fee in the same manner as the tax collected under chapter 297A. A retailer using a third-party entity to collect and remit the tax imposed under chapter 297A may elect to have that third-party entity collect and remit the fee imposed under this chapter.

Subd. 3. Administration. Unless specifically provided otherwise by this chapter, the audit, assessment, refund, penalty, interest, enforcement, collection remedies, appeal, and administrative provisions of chapters 270C and 289A, that are applicable to taxes imposed under chapter 297A, apply to the fee imposed under this chapter.

Subd. 4. Interest on overpayments. The commissioner must pay interest on an overpayment refunded or credited to the retailer from the date of payment of the fee until the date the refund is paid or credited. For purposes of this subdivision, the date of payment is the due date of the return or the date of actual payment of the fee, whichever is later.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 11. [168E.09] DEPOSIT OF PROCEEDS.

Subdivision 1. Costs deducted. The commissioner must retain an amount that does not exceed the total cost of collecting, administering, and enforcing the retail delivery fee and must deposit the amount in the revenue department service and recovery special revenue fund.

Subdivision 2. Deposits. After deposits under subdivision 1, the commissioner must deposit the balance of proceeds from the retail delivery fee in the transportation advancement account under section 174.49.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 12. Minnesota Statutes 2022, section 171.01, is amended by adding a subdivision to read:

Subd. 51. Veteran with a total service-connected disability. "Veteran with a total service-connected disability" means a veteran, as defined in section 197.447, who provides to the commissioner satisfactory evidence that: (1) is issued by the Department of Veterans Affairs, the United States Veterans Administration, or the retirement board of one of the several branches of the armed forces; and (2) demonstrates that the veteran has received a 100 percent total and permanent service-connected disability rating.

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

Sec. 13. Minnesota Statutes 2022, section 171.06, is amended by adding a subdivision to read:

Subd. 2c. Exemption; certain veterans. For an applicant who is a veteran with a total service-connected disability, the commissioner must not impose:
(1) a license or endorsement fee, including fees and surcharges specified under:
   (i) subdivisions 2 and 2a; and
   (ii) section 171.02, subdivision 3;
(2) a filing fee under subdivision 2 or section 171.061, subdivision 4; or
(3) a fee for an identification card under section 171.07, subdivision 3 or 3a.

EFFECTIVE DATE. This section is effective January 1, 2024.

Sec. 14. [174.49] TRANSPORTATION ADVANCEMENT ACCOUNT.

Subdivision 1. Transportation advancement account. A transportation advancement account is established in the special revenue fund. The account consists of funds under sections 168.33, subdivision 7; 168.54, subdivision 5; 168E.09, subdivision 2; and as provided by law and any other money donated, allotted, transferred, or otherwise provided to the account.

Subd. 2. Account allocation. The commissioner of transportation must transfer funds in the transportation advancement account as follows:

1. 33 percent to the highway user tax distribution fund;
2. 18 percent to the county state-aid highway fund;
3. 12 percent to the municipal state-aid street fund;
4. 24 percent to the small cities assistance account under section 162.145, subdivision 2;
5. 12 percent to the town road account under section 162.081; and
6. one percent to the food delivery support account under section 256.9752, subdivision 1a.

Sec. 7. Minnesota Statutes 2022, section 174.38, subdivision 3, is amended to read:

Subd. 3. Active transportation account. An active transportation account is established in the special revenue fund. The account consists of funds provided by law and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account is annually appropriated to the commissioner and must be expended only on projects that receive financial assistance under this section.
Sec. 15. Minnesota Statutes 2022, section 256.9752, is amended by adding a subdivision to read:

Subd. 1a. Food delivery support account; appropriation. (a) A food delivery support account is established in the special revenue fund. The account consists of funds under section 174.49, subdivision 2, and as provided by law and any other money donated, allotted, transferred, or otherwise provided to the account.

(b) Money in the account is annually appropriated to the commissioner of human services for grants to nonprofit organizations to provide transportation of home-delivered meals, groceries, purchased food, or a combination, to Minnesotans who are experiencing food insecurity and have difficulty obtaining or preparing meals due to limited mobility, disability, age, or resources to prepare their own meals. A nonprofit organization must have a demonstrated history of providing and distributing food customized for the population that they serve.

(c) Grant funds under this subdivision must supplement, but not supplant, any state or federal funding used to provide prepared meals to Minnesotans experiencing food insecurity.

Sec. 16. Minnesota Statutes 2022, section 270C.15, is amended to read:

270C.15 REVENUE DEPARTMENT SERVICE AND RECOVERY SPECIAL REVENUE FUND. A Revenue Department service and recovery special revenue fund is created for the purpose of recovering the costs of furnishing government data and related services or products, as well as recovering costs associated with collecting local taxes on sales and the retail delivery fee established under chapter 168E. All money collected under this section is deposited in the Revenue Department service and recovery special revenue fund. Money in the fund is appropriated to the commissioner to reimburse the department for the costs incurred in administering the tax law or providing the data, service, or product. Any money paid to the department as a criminal fine for a violation of state revenue law that is designated by the court to fund enforcement of state revenue law is appropriated to this fund.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 17. Minnesota Statutes 2022, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES. (a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:
(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

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

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

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

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

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

Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit in the state treasury the revenues collected under section 297A.64, subdivision 5, in the state treasury and credit them to the highway user tax distribution fund.

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

Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit of revenues under paragraph (d), the commissioner shall deposit into the state treasury and credit to the highway user tax distribution fund an amount equal to the estimated revenues derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The commissioner shall estimate the amount of sales tax revenue deposited under this paragraph based on the amount of revenue deposited under paragraph (d).

The commissioner shall deposit an amount of the remittances monthly into the state treasury and credit them to the highway user tax distribution fund as a portion of the estimated amount of taxes collected from the sale and purchase of motor vehicle repair and replacement parts in that month. The monthly deposit amount is $12,137,000. Between July 1, 2023, and June 30, 2027, the commissioner must deposit $14,887,000 monthly in the highway user tax distribution fund, as a portion of the revenue derived from the taxes imposed under section 297A.62, subdivision 1, on the sale and purchase of motor vehicle repair and replacement parts. On and after July 1, 2027, the commissioner must deposit in the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

The commissioner shall deposit an amount of the remittances monthly into the state treasury and credit them to the highway user tax distribution fund as a portion of the estimated amount of taxes collected from the sale and purchase of motor vehicle repair and replacement parts in that month. The monthly deposit amount is $12,137,000. For purposes of this paragraph, "motor vehicle repair and replacement parts" includes (i) all parts, tires, accessories, and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle and (ii) paint, oil, and other fluids that remain on or in the motor vehicle.

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

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

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

Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit in the state treasury the revenues collected under section 297A.64, subdivision 1, including interest and penalties and minus refunds, and credit them to the highway user tax distribution fund.

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

The commissioner shall deposit an amount of the remittances monthly into the state treasury and credit them to the highway user tax distribution fund as a portion of the estimated amount of taxes collected from the sale and purchase of motor vehicle repair and replacement parts in that month. The monthly deposit amount is $12,137,000. For purposes of this paragraph, "motor vehicle repair and replacement parts" includes (i) all parts, tires, accessories, and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle and (ii) paint, oil, and other fluids that remain on or in the motor vehicle.
user tax distribution fund the revenue derived from the taxes imposed under section 297A.62,
subdivision 1, on the sale and purchase of motor vehicle repair and replacement parts.

For purposes of this paragraph, "motor vehicle" has the meaning given in section 297B.01,
subdivision 11, and "motor vehicle repair and replacement parts" includes (i) all parts, tires,
accessories, and equipment incorporated into or affixed to the motor vehicle as part of the
motor vehicle maintenance and repair, and (ii) paint, oil, and other fluids that remain on or
in the motor vehicle as part of the motor vehicle maintenance or repair. For purposes of this
paragraph, "tire" means any tire of the type used on highway vehicles, if wholly or partially
made of rubber and if marked according to federal regulations for highway use.

The commissioner must deposit the revenues derived from the taxes imposed on the sale and purchase of motor
vehicle repair and replacement parts in the state treasury and credit:

(1) 47.5 percent in each year to the highway user tax distribution fund;
(2) to the general fund as follows:
   (i) in fiscal year 2024, 50 percent;
   (ii) in fiscal year 2025, 48 percent;
   (iii) in fiscal year 2026, 46 percent;
   (iv) in fiscal year 2027, 44 percent;
   (v) in fiscal year 2028, 35 percent;
   (vi) in fiscal year 2029, 28 percent;
   (vii) in fiscal year 2030, 21 percent;
   (viii) in fiscal year 2031, 14 percent;
   (ix) in fiscal year 2032, seven percent; and
   (x) in fiscal year 2033 and thereafter, zero percent; and
(3) the remainder in each year as follows:
   (i) 60 percent to the county state-aid highway fund;
   (ii) 22 percent to the municipal state-aid street fund;
   (iii) nine percent to the small cities assistance account under section 162.145; and
   (iv) nine percent to the larger cities assistance account under section 162.146;

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

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in
the game and fish fund, and may be spent only on activities that improve, enhance, or protect
vehicle as part of the motor vehicle maintenance or repair. For purposes of this paragraph,
"tire" means any tire of the type used on highway vehicles, if wholly or partially made of
rubber and if marked according to federal regulations for highway use. The commissioner
must deposit the revenues derived from the taxes imposed on the sale and purchase of motor
vehicle repair and replacement parts in the state treasury and credit:

(1) 47.5 percent in each year to the highway user tax distribution fund;
(2) to the general fund as follows:
   (i) in fiscal year 2024, 50 percent;
   (ii) in fiscal year 2025, 48 percent;
   (iii) in fiscal year 2026, 46 percent;
   (iv) in fiscal year 2027, 44 percent;
   (v) in fiscal year 2028, 35 percent;
   (vi) in fiscal year 2029, 28 percent;
   (vii) in fiscal year 2030, 21 percent;
   (viii) in fiscal year 2031, 14 percent;
   (ix) in fiscal year 2032, seven percent; and
   (x) in fiscal year 2033 and thereafter, zero percent; and
(3) the remainder in each year as follows:
   (i) 60 percent to the county state-aid highway fund;
   (ii) 22 percent to the municipal state-aid street fund;
   (iii) nine percent to the small cities assistance account under section 162.145; and
   (iv) nine percent to the larger cities assistance account under section 162.146;

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

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

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

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

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

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

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

(j) The commissioner must deposit the revenues, including interest and penalties minus any refunds, derived from the sale of items regulated under section 624.20, subdivision 1, that may be sold to persons 18 years old or older and that are not prohibited from use by the general public under section 624.21, in the state treasury and credit:

(1) 25 percent to the volunteer fire assistance grant account established under section 297I.06, subdivision 3; and

(2) 25 percent to the fire safety account established under section 297I.06, subdivision 22.

(3) the remainder to the general fund.

For purposes of this paragraph, the percentage of total sales and use tax revenue derived from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be sold to persons 18 years old or older and that are not prohibited from use by the general public under section 624.21, is a set percentage of the total sales and use tax revenues collected in the state, with the percentage determined under Laws 2017, First Special Session chapter 1, article 3, section 39.

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

58.1 Sec. 18. Minnesota Statutes 2022, section 297A.99, subdivision 1, is amended to read:

58.2 Subdivision 1. Authorization; scope. (a) A political subdivision of this state may impose a general sales tax (1) under section 297A.992, (2) under section 297A.9925, (3) under section 297A.993, (4) if permitted by special law, or (5) if the political subdivision enacted and imposed the tax before January 1, 1982, and its predecessor provision.

58.3 (b) This section governs the imposition of a general sales tax by the political subdivision. The provisions of this section preempt the provisions of any special law:

58.4 (1) enacted before June 2, 1997, or

58.5 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law provision from this section's rules by reference.

58.6 (c) This section does not apply to or preempt a sales tax on motor vehicles. Beginning July 1, 2019, no political subdivision may impose a special excise tax on motor vehicles unless it is imposed under section 297A.993.

58.7 (d) A political subdivision may not advertise or expend funds for the promotion of a referendum to support imposing a local sales tax and may only spend funds related to imposing a local sales tax to:

58.8 (1) conduct the referendum;

58.9 (2) disseminate information included in the resolution adopted under subdivision 2, but only if the disseminated information includes a list of specific projects and the cost of each individual project;

58.10 (3) provide notice of, and conduct public forums at which proponents and opponents on the merits of the referendum are given equal time to express their opinions on the merits of the referendum;

58.11 (4) provide facts and data on the impact of the proposed local sales tax on consumer purchases, and

58.12 (5) provide facts and data related to the individual programs and projects to be funded with the local sales tax.

58.13 Sec. 19. [297A.9925] METROPOLITAN REGION SALES AND USE TAX.

58.14 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have the meanings given.

subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

58.17 Sec. 10. Minnesota Statutes 2022, section 297A.99, subdivision 1, is amended to read:

58.18 Subdivision 1. Authorization; scope. (a) A political subdivision of this state may impose a general sales tax (1) under section 297A.992, (2) under section 297A.9925, (3) under section 297A.993, (4) if permitted by special law, or (5) if the political subdivision enacted and imposed the tax before January 1, 1982, and its predecessor provision.

58.19 (b) This section governs the imposition of a general sales tax by the political subdivision. The provisions of this section preempt the provisions of any special law:

58.20 (1) enacted before June 2, 1997, or

58.21 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law provision from this section's rules by reference.

58.22 (c) This section does not apply to or preempt a sales tax on motor vehicles. Beginning July 1, 2019, no political subdivision may impose a special excise tax on motor vehicles unless it is imposed under section 297A.993.

58.23 (d) A political subdivision may not advertise or expend funds for the promotion of a referendum to support imposing a local sales tax and may only spend funds related to imposing a local sales tax to:

58.24 (1) conduct the referendum;

58.25 (2) disseminate information included in the resolution adopted under subdivision 2, but only if the disseminated information includes a list of specific projects and the cost of each individual project;

58.26 (3) provide notice of, and conduct public forums at which proponents and opponents on the merits of the referendum are given equal time to express their opinions on the merits of the referendum;

58.27 (4) provide facts and data on the impact of the proposed local sales tax on consumer purchases, and

58.28 (5) provide facts and data related to the individual programs and projects to be funded with the local sales tax.

58.29 Sec. 19. [297A.9925] METROPOLITAN REGION SALES AND USE TAX.

58.30 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have the meanings given.
"Metropolitan area" has the meaning given in section 473.121, subdivision 2.

Proceeds of the metropolitan sales tax must be deposited as follows:

Subd. 2. Sales tax imposition; rate. The Metropolitan Council must impose a metropolitan region sales and use tax at a rate of one-half of one percent on retail sales and uses taxable under this chapter made in the metropolitan area or to a destination in the metropolitan area.

Subd. 3. Administration; collection; enforcement. Except as otherwise provided in this section, the provisions of section 297A.99, subdivisions 4, and 6 to 12a, govern the administration, collection, and enforcement of the metropolitan sales tax.

Subd. 4. Deposit. Proceeds of the metropolitan sales tax must be deposited in the metropolitan area transit account under section 16A.88.

Subd. 5. Revenue bonds. (a) In addition to other authority granted in this section, and notwithstanding section 473.39, subdivision 7, or any other law to the contrary, the council may, by resolution, authorize the sale and issuance of revenue bonds, notes, or obligations to provide funds to (1) implement the council's transit capital improvement program, and (2) refund bonds issued under this subdivision.

(b) The bonds are payable from and secured by a pledge of all or part of the revenue received under subdivision 4 and associated investment earnings on debt proceeds. The council may, by resolution, authorize issuance of the bonds as general obligations of the council. The bonds must be sold, issued, and secured in the manner provided in chapter 475, and the council has the same powers and duties as a municipality and its governing body in issuing bonds under chapter 475, except that no election is required and the net debt limitations in chapter 475 do not apply to such bonds. The proceeds of the bonds may also be used to fund necessary reserves and to pay credit enhancement fees, issuance costs, and other financing costs during the life of the debt.

(c) The bonds may be secured by a bond resolution, or a trust indenture entered into by the council with a corporate trustee within or outside the state, which must define the revenues and bond proceeds pledged for the payment and security of the bonds. The pledge must be a valid charge on the revenues received under section 297A.99, subdivision 11.

Neither the state, nor any municipality or political subdivision except the council, nor any member or officer or employee of the council, in liens on the obligations. No mortgage or security interest in any tangible real or personal property is granted to the bondholders or

"Metropolitan Council" or "council" means the Metropolitan Council established by section 473.123.

"Metropolitan sales tax" means the metropolitan region sales and use tax imposed under this section.

Subd. 4. Deposit. Proceeds of the metropolitan sales tax must be deposited as follows:

1. 83 percent in the metropolitan area transit account under section 16A.88; and
2. 17 percent in the county state-aid highway fund.

Subd. 5. Revenue bonds. (a) In addition to other authority granted in this section, and notwithstanding section 473.39, subdivision 7, or any other law to the contrary, the council may, by resolution, authorize the sale and issuance of revenue bonds, notes, or obligations to provide funds to (1) implement the council's transit capital improvement program, and (2) refund bonds issued under this subdivision.

(b) The bonds are payable from and secured by a pledge of all or part of the revenue received under subdivision 4, clause (1), and associated investment earnings on debt proceeds.

The council may, by resolution, authorize the issuance of the bonds as general obligations of the council. The bonds must be sold, issued, and secured in the manner provided in chapter 475, and the council has the same powers and duties as a municipality and its governing body in issuing bonds under chapter 475, except that no election is required and the net debt limitations in chapter 475 do not apply to such bonds. The proceeds of the bonds may also be used to fund necessary reserves and to pay credit enhancement fees, issuance costs, and other financing costs during the life of the debt.

(c) The bonds may be secured by a bond resolution, or a trust indenture entered into by the council with a corporate trustee within or outside the state, which must define the revenues and bond proceeds pledged for the payment and security of the bonds. The pledge must be a valid charge on the revenues received under section 297A.99, subdivision 11.
the trustee, but they have a valid security interest in the revenues and bond proceeds received
by the council and pledged to the payment of the bonds. In the bond resolution or trust
indenture, the council may make such covenants as it determines to be reasonable for the
protection of the bondholders.

EFFECTIVE DATE; APPLICATION. This section is effective the day following
final enactment for sales and purchases made on or after October 1, 2023, and applies in the
counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 20. Minnesota Statutes 2022, section 297B.02, subdivision 1, is amended to read:

Subdivision 1. Rate. (a) There is imposed an excise tax of 6.5 percent on the
purchase price of any motor vehicle purchased or acquired, either in or outside of the state
of Minnesota, which is required to be registered under the laws of this state.

(b) The excise tax is also imposed on the purchase price of motor vehicles purchased or
acquired on Indian reservations when the tribal council has entered into a sales tax on motor
vehicles refund agreement with the state of Minnesota.

EFFECTIVE DATE. This section is effective for sales and purchases on or after July
1, 2023.

EFFECTIVE DATE. This section is effective the day following
final enactment for sales and purchases made on or after October 1, 2023, and applies in the
counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 21. Minnesota Statutes 2022, section 297B.03, is amended to read:

297B.03 EXEMPTIONS. There is specifically exempted from the provisions of this chapter and from computation
of the amount of tax imposed by it the following:

(1) purchase or use, including use under a lease purchase agreement or installment sales
contract made pursuant to section 465.71, of any motor vehicle by the United States and its
agencies and instrumentalities and by any person described in and subject to the conditions
provided in section 297A.67, subdivision 11;

(2) purchase or use of any motor vehicle by any person who was a resident of another
state or country at the time of the purchase and who subsequently becomes a resident of
Minnesota, provided the purchase occurred more than 60 days prior to the date such person
began residing in the state of Minnesota and the motor vehicle was registered in the person's
name in the other state or country;

(3) purchase or use of any motor vehicle by any person making a valid election to be
taxed under the provisions of section 297A.90;

(4) purchase or use of any motor vehicle previously registered in the state of Minnesota
when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336,
337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code,
as amended through December 16, 2016;
(5) purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota-based private or for-hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales tax or sales tax on motor vehicles used in interstate commerce;

(6) purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs;

(7) purchase of a motor vehicle by an ambulance service licensed under section 144E.10 when that vehicle is equipped and specifically intended for emergency response or for providing ambulance service;

(8) purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

(9) purchase of a ready-mixed concrete truck;

(10) purchase or use of a motor vehicle by a town for use exclusively for road maintenance, including snowplows and dump trucks, but not including automobiles, vans, or pickup trucks;

(11) purchase or use of a motor vehicle by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, except a public school, university, or library, but only if the vehicle is:

   (i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a passenger automobile, as defined in section 168.002, if the automobile is designed and used for carrying more than nine persons including the driver; and

   (ii) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose;

(12) purchase of a motor vehicle for use by a transit provider exclusively to provide transit service is exempt if the transit provider is either (i) receiving financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29, 473.388, or 473.405;

(13) purchase or use of a motor vehicle by a qualified business, as defined in section 469.310, located in a job opportunity building zone, if the motor vehicle is principally garaged in the job opportunity building zone and is primarily used as part of or in direct support of the person's operations carried on in the job opportunity building zone. The exemption under this clause applies to sales, if the purchase was made and delivery received during the duration of the job opportunity building zone. The exemption under this clause also applies to any local sales and use tax;
62.12 (14) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own
program from a charitable organization that is:
62.14 (i) described in section 501(c)(3) of the Internal Revenue Code; and
62.15 (ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4; and
62.16 (15) purchase of a motor vehicle used exclusively as a mobile medical unit for the
62.17 provision of medical or dental services by a federally qualified health center, as defined
62.18 under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget
62.20 (16) purchase of a motor vehicle by a veteran having a total service-connected disability,
as defined in section 171.01, subdivision 51.
62.22 EFFECTIVE DATE. This section is effective for sales and purchases made after June
62.23 30, 2024.

47.10 Sec. 12. Minnesota Statutes 2022, section 297B.09, is amended to read:
47.11 297B.09 ALLOCATION OF REVENUE.
47.12 Subdivision 1. Deposit of revenues. (a) Money collected and received under this chapter
must be deposited as provided in this subdivision, as follows:
47.13 (1) 60 percent of the money collected and received must be deposited in the highway
user tax distribution fund, 36 percent must be deposited;
47.14 (2) 34.3 percent in the metropolitan area transit account under section 16A.88c and four
percent must be deposited.
47.15 (3) 5.7 percent in the greater Minnesota transit account under section 16A.88.
47.16 (b) It is the intent of the legislature that the allocations under paragraph (b) remain
unchanged for fiscal year 2024 and all subsequent fiscal years.
47.17 EFFECTIVE DATE. This section is effective July 1, 2023.
47.18 Sec. 22. Minnesota Statutes 2022, section 297B.09, is amended to read:
47.19 297B.09 ALLOCATION OF REVENUE.
47.20 Subdivision 1. Deposit of revenues. (a) Money collected and received under this chapter
must be deposited as provided in this subdivision, as follows:
47.21 (1) 60 percent of the money collected and received must be deposited in the highway
user tax distribution fund, 36 percent must be deposited;
47.22 (2) 34.5 percent in the metropolitan area transit account under section 16A.88c and four
percent must be deposited.
47.23 (3) 5.5 percent in the greater Minnesota transit account under section 16A.88.
47.24 EFFECTIVE DATE. This section is effective July 1, 2023.
47.25 Sec. 13. [473.4465] METROPOLITAN REGION SALES AND USE TAX
47.26 ALLOCATION.
47.27 Subdivision 1. Definition. For purposes of this section, “sales tax revenue” means
47.28 revenue from the metropolitan region sales and use tax under section 297A.9925 that is
47.29 deposited in the metropolitan area transit account under section 16A.88.
47.30 Subd. 2. Distribution. Sales tax revenue is allocated:
47.31 (1) five-sixths to the council; and
47.32 (2) one-sixth to the Transportation Advisory Board.
Subd. 2. Use of funds; Metropolitan Council. (a) Sales tax revenue available as
follows:
(1) five percent for the metropolitan area active transportation program under section
473.248; and
(2) 95 percent for transit system purposes under sections 473.371 to 473.452, including
but not limited to operations, maintenance, and capital projects.

(b) The council must annually expend a portion of sales tax revenue in each of the
following categories:
(1) improvements to regular route bus service levels;
(2) improvements related to transit safety;
(3) maintenance and improvements to bus accessibility at transit stops and transit centers;
(4) transit shelter replacement and improvements under section 473.41;
(5) planning and project development for expansion of arterial bus rapid transit lines;
(6) operations and capital maintenance of arterial bus rapid transit;
(7) planning and project development for expansion of highway bus rapid transit and
bus guideway lines;
(8) operations and capital maintenance of highway bus rapid transit and bus guideways;
(9) zero-emission bus procurement and associated costs in conformance with the
zero-emission and electric transit vehicle transition plan under section 473.3927;
(10) demand response microtransit service provided by the council; and
(11) financial assistance to replacement service providers under section 473.388, to
provide for service, vehicle purchases, and capital investments related to demand response
microtransit service.

(c) The chair of the Metropolitan Council must annually transfer a portion of sales tax
revenue to the commissioner of transportation for the cost of construction of nonarterial
bus rapid transit facilities under sections 174.48 and the cost of construction of light rail
transit facilities under sections 473.3993 to 473.3997. The amount for transfer must be
48.29 annually certified by the commissioner of transportation in consultation with the
48.30 commissioner of management and budget.

49.1 Subd. 3. Use of funds; Department of Transportation. (a) Notwithstanding any other
49.2 law to the contrary, the commissioner of transportation must allocate the funds deposited
49.3 under section 297A.9925, subdivision 4, clause (2), to the metropolitan counties, as defined
49.4 in section 473.121, subdivision 4, as follows:
49.5 (1) 30 percent apportioned among the counties so that each county receives of such
49.6 amount the percentage that its population, as defined in section 477A.011, subdivision 3,
49.7 bears to the total population of the counties receiving funds under this subdivision; and
49.8 (2) 70 percent apportioned among the counties so that each county receives of such
49.9 amount the percentage that its money needs, as defined under section 162.07, subdivision
49.10 2, bears to the sum of the money needs of all of the individual counties receiving funds
49.11 under this subdivision.

49.12 Subd. 4. Use of funds; Transportation Advisory Board. (a) Sales tax revenue allocated
49.13 to the Transportation Advisory Board under subdivision 2, clause (2), is for grants for
49.14 highway projects that provide for one or more of the following: safety improvements, crash
49.15 reduction; support for active transportation; or maintenance.
49.16 (b) The Transportation Advisory Board must establish eligibility requirements and a
49.17 project selection process to provide the grant awards. The process must include: solicitation;
49.18 evaluation and prioritization, including technical review, scoring, and ranking; project
49.19 selection; and award of funds. To the extent feasible, the process must align with procedures
49.20 and requirements established for allocation of other sources of funds.

49.21 Subd. 5. Prohibition. (a) The council is prohibited from expending sales tax revenue
49.22 on the Southwest light rail transit (Green Line Extension) project.
49.23 (b) Paragraph (a) expires on the date of expiration of the Metropolitan Governance Task
49.24 Force as specified under article 4, section 65, subdivision 11.

49.25 Subd. 6. Tracking and information. (a) The council must maintain separate financial
49.26 information on sales tax revenue that includes:
49.27 (1) a summary of annual revenue and expenditures, including but not limited to balances
49.28 and anticipated revenue in the forecast period under section 16A.103; and
49.29 (2) for each of the categories specified under subdivision 2 in the most recent prior three
49.30 fiscal years:

49.31 Subd. 4. Tracking and information. (a) The council must maintain separate financial
49.32 information on sales tax revenue that includes:
49.33 (1) a summary of annual revenue and expenditures, including but not limited to balances
49.34 and anticipated revenue in the forecast period under section 16A.103; and
49.35 (2) for each of the categories specified under subdivision 2 in the most recent prior three
49.36 fiscal years:
(i) specification of annual expenditures; and
(ii) an overview of the projects or services,
(b) The council must publish the information required under paragraph (a) on the council's website.

EFFECTIVE DATE; APPLICATION. This section is effective October 1, 2023, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 14. OPERATING AND CAPITAL ASSISTANCE; GREATER MINNESOTA TRANSIT.
(a) Notwithstanding Minnesota Statutes, section 174.24, subdivision 3b, the commissioner of transportation must fund the operating costs of any eligible public transit system under Minnesota Statutes, section 174.24, subdivision 2, such that the percentage of total contracted operating costs paid by any recipient from local sources will not exceed five percent.
(b) Notwithstanding Minnesota Statutes, section 174.24, subdivision 3c, and Minnesota Rules, part 8835.0320, the commissioner of transportation must fund 90 percent of the capital costs approved by the commissioner under the public transit participation program under Minnesota Statutes, section 174.24. The recipient must provide the remaining ten percent of the approved capital costs from local sources.

EFFECTIVE DATE. This section is effective July 21, 2023, and expires June 30, 2025.