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**ARTICLE 13**  
**TRANSPORTATION-RELATED TAXES**  
**ARTICLE 14**  
**VEHICLE TAXES AND FEES**

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

291.19 Subd. 1a. **Passenger automobile; hearse.** (a) On passenger automobiles as defined in  
291.20 section 168.002, subdivision 24, and hearses, except as otherwise provided, the tax shall be  
291.21 \$10 plus an additional tax equal to 1.25 percent of the base value.

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

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

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**ARTICLE 3**  
**TRANSPORTATION FINANCE**

19.3 Section 1. Minnesota Statutes 2016, section 161.081, subdivision 1, is amended to read:

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

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

19.8 ~~(1) 30.5 percent to the town road account created in section 162.081;~~

19.9 ~~(2) 16 percent to the town bridge account, which is created in the state treasury~~ 46.5  
19.10 percent to the county state-aid highway fund, consisting of: (i) 30.5 percent to the town road  
19.11 account created in section 162.081; and (ii) 16 percent to the town bridge account created  
19.12 in the state treasury; and

19.13 ~~(3) 53.5 percent to the flexible highway account created in subdivision 3~~ (2) 53.5 percent  
19.14 to the trunk highway fund.

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

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

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

292.4	FROM	TO
292.5	\$ 0	\$ 199.99
292.6	\$ 200	\$ 399.99

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

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

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

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

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

292.29 (j) For any vehicle previously registered in Minnesota and regardless of prior ownership,  
 292.30 the ~~annual additional tax~~ total amount due under this subdivision and subdivision 1m must  
 292.31 not exceed the smallest total amount of annual additional tax previously paid or due on the  
 292.32 vehicle.

293.1 **EFFECTIVE DATE.** This section is effective the day following final enactment, and  
 293.2 applies to taxes payable for a registration period starting on or after January 1, 2018.

293.3 Sec. 2. Minnesota Statutes 2016, section 168.013, is amended by adding a subdivision to  
 293.4 read:

293.5 Subd. 1m. **Electric vehicle.** In addition to the tax under subdivision 1a, a surcharge of  
 293.6 \$75 is imposed for an all-electric vehicle, as defined in section 169.011, subdivision 1a.  
 293.7 Notwithstanding subdivision 8, revenue from the fee imposed under this subdivision must  
 293.8 be deposited in the highway user tax distribution fund.

293.9 **EFFECTIVE DATE.** This section is effective the day following final enactment, and  
 293.10 applies to a registration period starting on or after January 1, 2018.

293.11 Sec. 3. Minnesota Statutes 2016, section 169.011, is amended by adding a subdivision to  
 293.12 read:

293.13 Subd. 1a. **All-electric vehicle.** (a) "All-electric vehicle" means an electric vehicle that  
 293.14 is solely able to be powered by an electric motor drawing current from rechargeable storage  
 293.15 batteries, fuel cells, or other portable sources of electrical current.

293.16 (b) All-electric vehicle excludes a plug-in hybrid electric vehicle.

293.17 **EFFECTIVE DATE.** This section is effective the day following final enactment, and  
 293.18 applies to a registration period starting on or after January 1, 2018.

285.3 Sec. 2. Minnesota Statutes 2016, section 297A.815, subdivision 3, is amended to read:

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

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

19.16 Sec. 2. Minnesota Statutes 2016, section 297A.815, subdivision 3, is amended to read:

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

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

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

285.13 (1) ~~\$9,000,000 annually until January 1, 2015, and 50 percent annually thereafter to the~~  
285.14 ~~county state-aid highway fund. Notwithstanding any other law to the contrary, the~~  
285.15 ~~commissioner of transportation shall allocate the funds transferred under this clause to the~~  
285.16 ~~counties in the metropolitan area, as defined in section 473.121, subdivision 4, excluding~~  
285.17 ~~the counties of Hennepin and Ramsey, so that each county shall receive of such amount the~~  
285.18 ~~percentage that its population, as defined in section 477A.011, subdivision 3, estimated or~~  
285.19 ~~established by July 15 of the year prior to the current calendar year, bears to the total~~  
285.20 ~~population of the counties receiving funds under this clause; and~~

285.21 ~~(2) the remainder to the greater Minnesota transit account to the transportation priorities~~  
285.22 ~~fund.~~

285.23 (c) The revenues under this subdivision do not include the revenues, including interest  
285.24 and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a,  
285.25 which must be deposited as provided under the Minnesota Constitution, article XI, section  
285.26 15.

285.27 EFFECTIVE DATE. This section is effective the day following final enactment and  
285.28 applies beginning with transfers recognized in fiscal year 2018.

285.29 Sec. 3. Minnesota Statutes 2016, section 297A.94, is amended to read:

285.30 **297A.94 DEPOSIT OF REVENUES.**

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

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

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

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

286.10 The commissioner of management and budget shall certify to the commissioner the date on  
286.11 which the project received the conditional commitment. The amount deposited in the loan

19.23 ~~(e) On or after July 1~~ (b) By July 15 of the subsequent fiscal year, the commissioner of  
19.24 management and budget ~~shall~~ must transfer the ~~net revenue~~ revenues as estimated in  
19.25 paragraph ~~(b)~~ (a) from the general fund, as follows:

19.26 (1) ~~\$9,000,000 annually until January 1, 2015, and 50 percent annually thereafter~~  
19.27 ~~36 percent to the county state-aid highway fund. Notwithstanding any other law to the~~  
19.28 ~~contrary, the commissioner of transportation shall allocate the funds transferred under this~~  
19.29 ~~clause to the counties in the metropolitan area, as defined in section 473.121, subdivision~~  
19.30 ~~4, excluding the counties of Hennepin and Ramsey, so that each county shall receive of~~  
19.31 ~~such amount the percentage that its population, as defined in section 477A.011, subdivision~~  
20.1 ~~3, estimated or established by July 15 of the year prior to the current calendar year, bears~~  
20.2 ~~to the total population of the counties receiving funds under this clause; and~~

20.3 ~~(2) the remainder~~ 36 percent to the greater Minnesota transit account; and

20.4 ~~(3) the remainder to the highway user tax distribution fund.~~

20.5 (c) As part of the transfer that must occur by July 15, 2018, in addition to any amounts  
20.6 transferred under paragraph (b), the commissioner of management and budget must transfer  
20.7 \$10,000,000 of the revenues as estimated in paragraph (a) from the general fund to the small  
20.8 cities assistance account under section 162.145.

20.9 EFFECTIVE DATE. This section is effective beginning with the estimate that must  
20.10 be completed on or before June 30, 2018, for a transfer that occurs by July 15, 2018.

20.11 Sec. 3. Minnesota Statutes 2016, section 297A.94, is amended to read:

20.12 **297A.94 DEPOSIT OF REVENUES.**

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

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

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

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

20.22 The commissioner of management and budget shall certify to the commissioner the date on  
20.23 which the project received the conditional commitment. The amount deposited in the loan

286.12 guaranty account must be reduced by any refunds and by the costs incurred by the Department  
286.13 of Revenue to administer and enforce the assessment and collection of the taxes.

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

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

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

287.19 (g) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit  
287.20 the revenues, including interest and penalties, derived from the taxes imposed on the lease  
287.21 or rental of a motor vehicle under section 297A.64, subdivision 1, into the state treasury  
287.22 and credit the revenues to the transportation priorities fund.

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

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

287.30 (i) \$156,800,000 in fiscal year 2018, \$151,100,000 in fiscal year 2019, \$266,618,000  
287.31 in fiscal year 2020, and \$287,718,000 in fiscal year 2021 are transferred from the general  
287.32 fund to the commissioner for deposit in the transportation priorities fund. Annually in fiscal  
287.33 year 2022 and thereafter, 4.293 percent of the revenues generated by the sales tax imposed  
287.34 under section 297A.62, subdivision 1, is transferred from the general fund to the  
288.1 commissioner for deposit in the transportation priorities fund. The commissioner must make  
288.2 transfers under this paragraph by July 15 in each year. Transfers in this paragraph represent  
288.3 revenues attributable to sales and purchases of motor vehicle repair and replacement parts.

20.24 guaranty account must be reduced by any refunds and by the costs incurred by the Department  
20.25 of Revenue to administer and enforce the assessment and collection of the taxes.

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

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

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

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

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

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

21.16 (g) Starting after July 1, 2017, the commissioner shall deposit an amount of the  
21.17 remittances monthly into the state treasury and credit them to the highway user tax  
21.18 distribution fund as a portion of the estimated amount of taxes collected from the sale and  
21.19 purchase of motor vehicle repair parts in that month. For the remittances between July 1,  
21.20 2017, and June 30, 2019, the monthly deposit amount is \$10,282,000. For remittances in  
21.21 each subsequent fiscal year, the monthly deposit amount is \$13,957,000. For purposes of  
21.22 this paragraph, "motor vehicle" has the meaning given in section 297B.01, subdivision 11,  
21.23 and "motor vehicle repair and replacement parts" includes (i) all parts, tires, accessories,  
21.24 and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle

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

286.28 (1) 50 percent of the receipts must be deposited in the heritage enhancement account in  
 286.29 the game and fish fund, and may be spent only on activities that improve, enhance, or protect  
 286.30 fish and wildlife resources, including conservation, restoration, and enhancement of land,  
 286.31 water, and other natural resources of the state;

287.1 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
 287.2 be spent only for state parks and trails;

287.3 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
 287.4 be spent only on metropolitan park and trail grants;

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

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

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

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

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

21.25 maintenance and repair, and (ii) paint, oil, and other fluids that remain on or in the motor  
 21.26 vehicle as part of the motor vehicle maintenance or repair.

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

21.30 (1) 50 percent of the receipts must be deposited in the heritage enhancement account in  
 21.31 the game and fish fund, and may be spent only on activities that improve, enhance, or protect  
 21.32 fish and wildlife resources, including conservation, restoration, and enhancement of land,  
 21.33 water, and other natural resources of the state;

22.1 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
 22.2 be spent only for state parks and trails;

22.3 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may  
 22.4 be spent only on metropolitan park and trail grants;

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

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

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

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

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

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

22.25 Subd. 2. **Authorization; rates.** (a) Notwithstanding section 297A.99, subdivisions 1,  
22.26 2, and 3, or 477A.016, or any other law, the board of a county participating in a joint powers  
22.27 agreement as specified in this section shall impose by resolution (1) a transportation sales  
22.28 and use tax at a rate of one-quarter of one percent on retail sales and uses taxable under this  
22.29 chapter, and (2) an excise tax of \$20 per motor vehicle, as defined in section 297B.01,  
22.30 subdivision 11, purchased or acquired from any person engaged in the business of selling  
22.31 motor vehicles at retail, occurring within the jurisdiction of the taxing authority. The taxes  
22.32 authorized are to fund transportation improvements as specified in this section, including  
22.33 debt service on obligations issued to finance such improvements pursuant to subdivision 7.

23.1 (b) The tax imposed under this section is not included in determining if the total tax on  
23.2 lodging in the city of Minneapolis exceeds the maximum allowed tax under Laws 1986,  
23.3 chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article  
23.4 12, section 87, or in determining a tax that may be imposed under any other limitations.

23.5 (c) A county participating in a joint powers agreement as specified in this section may  
23.6 impose an additional transportation sales and use tax at a rate of one-fifth of one percent  
23.7 on retail sales and uses taxable under this chapter. Before imposing a tax authorized by this  
23.8 paragraph, the imposition of the tax must be approved by a majority of voters at a general  
23.9 election. The proceeds of the taxes imposed under this paragraph must be used for the  
23.10 purposes specified in section 297A.993, subdivision 2.

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

288.10 Subd. 6a. **Priority of fund uses.** (a) The joint powers board shall allocate all revenues  
288.11 from the taxes imposed under this section in conformance with the following priority order:

288.12 (1) payment of debt service necessary for the fiscal year on bonds or other obligations  
288.13 issued prior to January 1, 2011, under subdivision 7; ~~and~~

288.14 (2) payment to the Metropolitan Council of 100 percent, or a portion that is not paid by  
288.15 counties under section 297A.993, subdivision 2a, of the annual net operating and capital  
288.16 maintenance costs, as certified by the Metropolitan Council, for all light rail transit lines in  
288.17 which a grant award for project development, capital, capital maintenance, or operating  
288.18 expenditures has been provided under this section; and

288.19 (3) as otherwise authorized under this section.

288.20 (b) Project development in this subdivision includes but is not limited to feasibility and  
288.21 alternatives analysis, design, engineering, environmental analysis, property acquisition, and  
288.22 construction.

288.23 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
288.24 applies for costs occurring on or after July 1, 2017.

288.25 Sec. 5. Minnesota Statutes 2016, section 297A.993, subdivision 1, is amended to read:

288.26 Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99, subdivisions  
288.27 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county outside the  
288.28 metropolitan transportation area, as defined under section 297A.992, subdivision 1, or more  
288.29 than one county outside the metropolitan transportation area acting under a joint powers  
288.30 agreement, except when subject to voter approval, as provided in subdivision 1a, may by  
288.31 resolution of the county board, or each of the county boards, following a public hearing  
289.1 impose (1) a transportation sales tax at a rate of up to one-half of one percent on retail sales  
289.2 and uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle, as defined  
289.3 in section 297B.01, subdivision 11, purchased or acquired from any person engaged in the  
289.4 business of selling motor vehicles at retail, occurring within the jurisdiction of the taxing  
289.5 authority.

289.6 **EFFECTIVE DATE.** This section is effective after March 31, 2017, and applies to new  
289.7 taxes or expansions of the use of existing taxes after that date.

289.8 Sec. 6. Minnesota Statutes 2016, section 297A.993, is amended by adding a subdivision  
289.9 to read:

289.10 Subd. 1a. **Certain counties; voter approval; limitations.** (a) Notwithstanding  
289.11 subdivision 1, a county that had imposed a tax under section 297A.992 may not impose a  
289.12 tax under this section greater than one quarter of one percent unless approved at a general  
289.13 election by the majority of voters who vote on the question to impose the taxes.

289.14 (b) Notwithstanding subdivision 2, a county that had imposed a tax under section  
289.15 297A.992 may not expand the use of revenue from an existing tax under this section for  
289.16 any new transit project that will require an operating subsidy of \$10,000,000 or more per  
289.17 year, unless the new use is approved by the majority of voters voting on the question at a  
289.18 general election.

289.19 **EFFECTIVE DATE.** This section is effective retroactively from March 15, 2017.

289.20 Sec. 7. Minnesota Statutes 2016, section 297A.993, subdivision 2, is amended to read:



289.21 Subd. 2. **Allocation; termination.** The proceeds of the taxes must be dedicated  
289.22 exclusively to: (1) payment of the capital cost of a specific transportation project or  
289.23 improvement; (2) payment of the costs, which may include both capital and operating costs,  
289.24 of a specific transit project or improvement; (3) payment of the capital costs of a safe routes  
289.25 to school program under section 174.40; or (4) payment of transit operating and capital  
289.26 maintenance costs, including as provided in subdivision 2a. The transportation or transit  
289.27 project or improvement must be designated by the board of the county, or more than one  
289.28 county acting under a joint powers agreement. Except for taxes for operating costs of a  
289.29 transit project or improvement, or for transit operations, the taxes must terminate when  
289.30 revenues raised are sufficient to finance the project.

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

290.1 Sec. 8. Minnesota Statutes 2016, section 297A.993, is amended by adding a subdivision  
290.2 to read:

290.3 Subd. 2a. **Allocation for certain transitways.** (a) This subdivision applies to a county:

290.4 (1) that has previously imposed and is no longer imposing a local sales tax as part of a  
290.5 joint powers agreement under section 297A.992;

290.6 (2) that imposes the tax under this section; and

290.7 (3) in which a light rail transit line is located, whether wholly or partially.

290.8 (b) All counties subject to this subdivision, and the joint powers board under section  
290.9 297A.992 if the joint powers agreement under section 297A.992, subdivision 3, is not  
290.10 terminated, must collectively enter into an agreement that determines and allocates payments  
290.11 to the Metropolitan Council that, in total, equal at least the amount required to be provided  
290.12 under section 297A.992, subdivision 6a, paragraph (a), clause (2). Nothing in this paragraph  
290.13 prevents payments from other entities or sources of funds.

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

290.15 Sec. 9. Minnesota Statutes 2016, section 398A.10, subdivision 3, is amended to read:

290.16 Subd. 3. **Application.** This section only applies to a county that has imposed the  
290.17 metropolitan transportation sales and use tax under section 297A.992 and applies whether  
290.18 the tax is currently in effect or not.

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

290.20 Sec. 10. Minnesota Statutes 2016, section 398A.10, subdivision 4, is amended to read:

290.21 Subd. 4. **Definition.** For purposes of this section, "project" means the initial construction  
290.22 or extension of a minimum operable segment of a new light rail transit or commuter rail  
290.23 line, but does not include infill stations, project enhancements, ~~extensions~~, or supportive  
290.24 infrastructure, constructed after the rail transit is operational.

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

290.26 Sec. 11. **MOTOR VEHICLE PARTS SALES TAXES ESTIMATION.**

290.27 (a) By January 15, 2019, the commissioner of revenue must submit a report on state  
290.28 general sales taxes attributable to motor vehicle repair and replacement parts to the chairs  
290.29 and ranking minority members of the legislative committees with jurisdiction over taxes  
290.30 and transportation policy and finance.

291.1 (b) The report must provide an estimate, based on federal data and department  
291.2 consumption models, of the percentage of total sales tax revenues collected in a calendar  
291.3 year from the tax rate imposed under Minnesota Statutes, section 297A.62, subdivision 1,  
291.4 that is attributable to sales and purchases of motor vehicle repair and replacement parts.

291.5 (c) For purposes of this section, "motor vehicle repair and replacement parts" includes:

291.6 (1) all parts, motor vehicle tires, accessories, and equipment incorporated into or affixed  
291.7 to the motor vehicle as part of the motor vehicle maintenance or repair; and

291.8 (2) paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor  
291.9 vehicle maintenance or repair.

291.10 (d) For purposes of this section, "motor vehicle tire" means any tire of the type used on  
291.11 highway vehicles if wholly or partially made of rubber and if marked according to federal  
291.12 regulations for highway use. For purposes of this section, "motor vehicle" has the meaning  
291.13 given in Minnesota Statutes, section 297B.01, subdivision 11.

291.14 Sec. 12. **REPEALER.**

291.15 Minnesota Statutes 2016, section 297A.992, subdivision 12, is repealed.