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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. 23

January 8, 2007

Authored by Erhardt, Lieder, Hortman, Juhnke, Hornstein and others
The bill was read for the first time and referred to the Committee on Finance

A bill for an act

1.1 relating to transportation; authorizing county wheelage tax and providing
1.2 for collection; modifying vehicle registration tax provisions; creating transit
1.3 fund and accounts; establishing phase in of motor vehicle sales tax revenues
1.4 to transportation; modifying motor fuel and special fuels taxes rates and
1.5 providing for indexing of fuel taxes; modifying formula for distribution of
1.6 county state-aid highway fund; dedicating sales tax on motor vehicle leases
1.7 to transportation; authorizing local transportation sales tax; creating road user
1.8 fee task force; authorizing general obligation bonding and trunk highway fund
1.9 bonding; appropriating money; amending Minnesota Statutes 2006, sections
1.10 16A.88; 161.04, by adding a subdivision; 162.07, subdivision 1, by adding
1.11 subdivisions; 163.051; 168.011, subdivision 6; 168.013, subdivisions 1, 1a;
1.12 168.017, subdivision 3; 174.24, subdivision 1; 296A.07, subdivision 3; 296A.08,
1.13 subdivision 2; 297A.815, by adding subdivisions; 297A.94; 297B.09, subdivision
1.14 1; 473.39, by adding a subdivision; proposing coding for new law in Minnesota
1.15 Statutes, chapters 296A; 297A.
1.16

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

1.18 ARTICLE 1

1.19 COUNTY WHEELAGE TAX

1.20 Section 1. Minnesota Statutes 2006, section 163.051, is amended to read:

1.21 **163.051 METROPOLITAN COUNTY WHEELAGE TAX.**

1.22 Subdivision 1. **Tax authorized.** The board of commissioners of each metropolitan
1.23 county is authorized to levy by resolution a wheelage tax of ~~\$5 for the year 1972 and~~
1.24 ~~each subsequent year thereafter by resolution~~ up to \$20 each year on each motor vehicle,
1.25 except motorcycles as defined in section 169.01, subdivision 4, ~~which is kept in such~~
1.26 ~~county when not in operation and which is~~ that is domiciled in the county and subject to
1.27 annual registration and taxation under chapter 168. The board may provide by resolution
1.28 for collection of the wheelage tax by county officials or ~~it may request that the tax be~~

2.1 ~~collected~~ by the state registrar of motor vehicles, and the ~~state registrar of motor vehicles~~
 2.2 shall collect ~~such~~ the tax on behalf of the county if ~~requested, as provided in subdivision 2~~
 2.3 provided in the board resolution.

2.4 **Subd. 2. Collection by registrar of motor vehicles.** The wheelage tax levied by
 2.5 any ~~metropolitan~~ county, if made collectible by the ~~state registrar of motor vehicles~~, shall
 2.6 be certified by the county auditor to the registrar not later than August 1 in the year before
 2.7 ~~the~~ a calendar year ~~or years~~ for which the tax is levied, and the registrar shall collect ~~such~~
 2.8 the tax with the ~~motor~~ vehicle ~~taxes~~ registration tax on ~~the~~ each affected ~~vehicles~~ vehicle
 2.9 for ~~such~~ that year ~~or years~~. Every ~~An~~ owner and every operator of such a motor vehicle
 2.10 subject to the wheelage tax shall furnish ~~to the registrar~~ all information requested by the
 2.11 registrar relating to the wheelage tax. ~~No state motor~~ A vehicle registration tax ~~on any~~
 2.12 ~~such motor vehicle for any such year shall~~ may not be received or deemed paid unless the
 2.13 applicable wheelage tax is paid ~~therewith~~. ~~The proceeds of the wheelage tax levied by any~~
 2.14 ~~metropolitan county, less any amount retained by the registrar to pay costs of collection of~~
 2.15 ~~the wheelage tax, shall be paid to the commissioner of finance and deposited in the state~~
 2.16 ~~treasury to the credit of the county wheelage tax fund of each metropolitan county.~~

2.17 **Subd. 2a. Tax proceeds deposited; costs of collection; appropriation.**
 2.18 Notwithstanding ~~the provisions of~~ any other law, the ~~state registrar of motor vehicles~~
 2.19 shall deposit the proceeds of the wheelage tax imposed by subdivision 2, to the credit of
 2.20 ~~the county wheelage tax~~ road and bridge fund of each ~~metropolitan~~ county that levies the
 2.21 wheelage tax. The amount necessary to pay the costs of ~~collection of said~~ collecting the
 2.22 tax is appropriated to the registrar from the county ~~wheelage tax~~ road and bridge fund of
 2.23 each ~~metropolitan~~ county ~~to the state registrar of motor vehicles~~ that levies the tax.

2.24 **Subd. 3. Distribution to metropolitan county; appropriation.** ~~On or before April~~
 2.25 ~~1 in 1972 and each subsequent year, the commissioner of finance shall issue a warrant in~~
 2.26 ~~favor of the treasurer of each metropolitan county for which the registrar has collected a~~
 2.27 ~~wheelage tax in the amount of such tax then on hand in the county wheelage tax fund.~~
 2.28 ~~There is hereby appropriated from the county wheelage tax fund each year, to each~~
 2.29 ~~metropolitan county entitled to payments authorized by this section, sufficient moneys~~
 2.30 ~~to make such payments.~~

2.31 **Subd. 4. Use of tax.** ~~The treasurer of each metropolitan county receiving moneys~~
 2.32 ~~under subdivision 3 shall deposit such moneys in the county road and bridge fund. The~~
 2.33 ~~moneys shall be used for purposes authorized by law which are highway purposes within~~
 2.34 ~~the meaning of the Minnesota Constitution, article 14.~~

2.35 **Subd. 5. Effect on road and bridge levy.** ~~The county auditor of each metropolitan~~
 2.36 ~~county shall reduce the amount of the property taxes levied pursuant to law in 1973 for~~

3.1 ~~collection in 1974, by the board of commissioners of such county for the county road~~
 3.2 ~~and bridge fund, by the following amount: Anoka County, \$341,750; Carver County,~~
 3.3 ~~\$86,725; Dakota County, \$386,165; Hennepin County, \$2,728,425; Ramsey County,~~
 3.4 ~~\$1,276,815; Scott County, \$104,805; Washington County, \$227,220, and shall spread only~~
 3.5 ~~the balance thereof on the tax rolls for collection in 1972. The county auditor shall also~~
 3.6 ~~reduce the amount of such taxes levied pursuant to law in 1972 and any subsequent year,~~
 3.7 ~~for collection in the respective ensuing years, by the amount of wheelage taxes received~~
 3.8 ~~by the county in the 12 months immediately preceding such levy.~~

3.9 ~~Subd. 6. **Metropolitan county defined.** "Metropolitan county" means any of the~~
 3.10 ~~counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.~~

3.11 ~~Subd. 7. **Offenses; penalties; application of other laws.** Any owner or operator~~
 3.12 ~~of a motor vehicle who shall willfully give any gives false information relative to the~~
 3.13 ~~wheelage tax herein authorized to the registrar of motor vehicles or any metropolitan~~
 3.14 ~~county, or who shall willfully fail fails or refuse refuses to furnish any such information,~~
 3.15 ~~shall be is guilty of a misdemeanor. Except as otherwise herein provided in this section,~~
 3.16 ~~the collection and payment of a wheelage tax and all related matters relating thereto shall~~
 3.17 ~~be are subject to all provisions of law laws relating to collection and payment of motor~~
 3.18 ~~vehicle taxes so far as applicable.~~

3.19 Sec. 2. Minnesota Statutes 2006, section 168.011, subdivision 6, is amended to read:

3.20 Subd. 6. **Tax.** "Tax" means the annual registration tax imposed on vehicles in lieu
 3.21 of all other taxes, except wheelage taxes which may be imposed by any city or county,
 3.22 and gross earnings taxes paid by companies. The annual tax is both a property tax and a
 3.23 highway use tax and shall be on the basis of the calendar year.

3.24 Sec. 3. Minnesota Statutes 2006, section 168.013, subdivision 1, is amended to read:

3.25 Subdivision 1. **Imposition.** Motor vehicles, except as set forth in section 168.012,
 3.26 using the public streets or highways in the state, and park trailers taxed under subdivision
 3.27 1j, shall be taxed in lieu of all other taxes thereon, except wheelage taxes, ~~so-called~~, which
 3.28 may be imposed by any city or county as provided by law, and except gross earnings
 3.29 taxes paid by companies subject or made subject thereto, and shall be privileged to
 3.30 use the public streets and highways, on the basis and at the rate for each calendar year
 3.31 as hereinafter provided.

ARTICLE 2

VEHICLE REGISTRATION TAX

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Section 1. Minnesota Statutes 2006, section 168.013, subdivision 1a, is amended to read:

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Subd. 1a. **Passenger automobile; hearse.** (a) On passenger automobiles as defined in section 168.011, subdivision 7, and hearses, except as otherwise provided, the tax shall be \$10 plus an additional tax equal to 1.25 percent of the base value.

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

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

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

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

4.21

FROM	TO
\$ 0	\$ 199.99
200	399.99

4.22

4.23

4.24

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

4.25

4.26

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

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

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5.1 upon the base value thus determined taking into account the depreciation provisions of
5.2 paragraph (h).

5.3 (h) The annual additional tax computed upon the base value as provided herein,
5.4 during the first ~~and second years~~ year of vehicle life shall be computed upon 100 percent
5.5 of the base value; for the second year, 80 percent of such value; ~~for the third and fourth~~
5.6 ~~years~~ year, 90 70 percent of such value; for the fourth year, 60 percent of such value; for
5.7 the fifth ~~and sixth years~~ year, 75 50 percent of such value; for the sixth year, 40 percent
5.8 of such value; for the seventh year, ~~60 35~~ percent of such value; for the eighth year, ~~40~~
5.9 30 percent of such value; for the ninth year, ~~30 20~~ percent of such value; for the tenth year,
5.10 ten percent of such value; for the 11th and each succeeding year, the sum of \$25.

5.11 In no event shall the annual additional tax be less than \$25. ~~The total tax under this~~
5.12 ~~subdivision shall not exceed \$189 for the first renewal period and shall not exceed \$99~~
5.13 ~~for subsequent renewal periods. The total tax under this subdivision on any vehicle filing~~
5.14 ~~its initial registration in Minnesota in the second year of vehicle life shall not exceed~~
5.15 ~~\$189 and shall not exceed \$99 for subsequent renewal periods. The total tax under~~
5.16 ~~this subdivision on any vehicle filing its initial registration in Minnesota in the third or~~
5.17 ~~subsequent year of vehicle life shall not exceed \$99 and shall not exceed \$99 in any~~
5.18 ~~subsequent renewal period~~ The annual additional tax under this paragraph must not exceed
5.19 the annual additional tax that was previously paid or due on that vehicle.

5.20 (i) ~~As used in this subdivision and section 168.017, the following terms have the~~
5.21 ~~meanings given: "initial registration" means the 12 consecutive months calendar period~~
5.22 ~~from the day of first registration of a vehicle in Minnesota; and "renewal periods" means~~
5.23 ~~the 12 consecutive calendar months periods following the initial registration period.~~

5.24 Sec. 2. Minnesota Statutes 2006, section 168.017, subdivision 3, is amended to read:

5.25 Subd. 3. **Exceptions.** (a) The registrar shall register all vehicles subject to
5.26 registration under the monthly series system for a period of 12 consecutive calendar
5.27 months, unless:

5.28 (1) the application is an original rather than renewal application; or

5.29 (2) the applicant is a licensed motor vehicle lessor under section 168.27, in which
5.30 case the applicant may apply for initial or renewed registration of a vehicle for a period
5.31 of four or more months, the month of expiration to be designated by the applicant at the
5.32 time of registration. However, to qualify for this exemption, the applicant must present
5.33 the application to the registrar at St. Paul, or at deputy registrar offices as the registrar
5.34 may designate.

6.1 (b) In any instance except that of a licensed motor vehicle lessor, the registrar shall
 6.2 not approve registering the vehicle subject to the application for a period of less than three
 6.3 months, except when the registrar determines that to do otherwise will help to equalize
 6.4 the registration and renewal work load of the department.

6.5 (c) As used in this subdivision, the following terms have the meanings given:

6.6 (1) "initial registration" means the 12 consecutive calendar months period from the
 6.7 day of first registration of a vehicle in Minnesota; and

6.8 (2) "renewal periods" means the 12 consecutive calendar months periods following
 6.9 the initial registration period.

6.10 ARTICLE 3

6.11 MOTOR VEHICLE SALES TAX

6.12 Section 1. Minnesota Statutes 2006, section 16A.88, is amended to read:

6.13 **16A.88 TRANSIT FUNDS FUND.**

6.14 Subdivision 1. **Transit fund.** A transit fund is established within the state treasury.
 6.15 The fund receives money distributed under section 297B.09, and other money as specified
 6.16 by law. Money in the fund must be allocated to the greater Minnesota transit account
 6.17 under subdivision 2 and the metropolitan area transit account under subdivision 3, and
 6.18 must be used for public transit assistance purposes.

6.19 **Subd. 2. Greater Minnesota transit fund account.** The greater Minnesota transit
 6.20 ~~fund~~ account is established within the ~~state treasury~~ transit fund. Money in the ~~fund~~
 6.21 account is annually appropriated to the commissioner of transportation for assistance to
 6.22 public transit systems outside the metropolitan area under section 174.24. Beginning in
 6.23 fiscal year 2003, The commissioner may use up to \$400,000 each year for administration
 6.24 of the transit program. The commissioner shall use the fund account for transit operations
 6.25 as provided in section 174.24 and related program administration.

6.26 **Subd. 3. Metropolitan area transit fund account.** The metropolitan area transit
 6.27 ~~fund~~ account is established within the ~~state treasury~~ transit fund. All money in the ~~fund~~
 6.28 account is annually appropriated to the Metropolitan Council for the funding of public
 6.29 transit systems within the metropolitan area under sections 473.384, 473.387, 473.388,
 6.30 and 473.405 to 473.449.

6.31 ~~Subd. 3. Metropolitan area transit appropriation account.~~ The metropolitan
 6.32 ~~area transit appropriation account is established within the general fund. Money in the~~
 6.33 ~~account is to be used for the funding of transit systems in the metropolitan area, subject to~~
 6.34 ~~legislative appropriation.~~

7.1 Subd. 4. Metropolitan area transportation account. The metropolitan area
 7.2 transportation account is established within the transit fund. All money in the account
 7.3 is annually appropriated to the commissioner of finance, who shall allocate the money
 7.4 as directed by resolution of the Metropolitan Transportation Area Joint Powers Board
 7.5 under section 297A.992.

7.6 Sec. 2. Minnesota Statutes 2006, section 174.24, subdivision 1, is amended to read:

7.7 Subdivision 1. **Establishment; purpose.** A public transit participation program is
 7.8 established to carry out the objectives stated in section 174.21 by providing financial
 7.9 assistance from the state, including the greater Minnesota transit ~~fund~~ account established
 7.10 in section 16A.88, to eligible recipients outside of the metropolitan area.

7.11 Sec. 3. Minnesota Statutes 2006, section 297B.09, subdivision 1, is amended to read:

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

7.14 ~~(b) From July 1, 2002, to June 30, 2003, 32 percent of the money collected and~~
 7.15 ~~received must be deposited in the highway user tax distribution fund, 20.5 percent must be~~
 7.16 ~~deposited in the metropolitan area transit fund under section 16A.88, and 1.25 percent~~
 7.17 ~~must be deposited in the greater Minnesota transit fund under section 16A.88. The~~
 7.18 ~~remaining money must be deposited in the general fund.~~

7.19 ~~(c) From July 1, 2003, to June 30, 2007, 30 percent of the money collected and~~
 7.20 ~~received must be deposited in the highway user tax distribution fund, 21.5 percent must be~~
 7.21 ~~deposited in the metropolitan area transit fund under section 16A.88, 1.43 percent must be~~
 7.22 ~~deposited in the greater Minnesota transit fund under section 16A.88, 0.65 percent must~~
 7.23 ~~be deposited in the county state-aid highway fund, and 0.17 percent must be deposited~~
 7.24 ~~in the municipal state-aid street fund. The remaining money must be deposited in the~~
 7.25 ~~general fund.~~

7.26 ~~(d) On and after July 1, 2007, 32 percent of the money collected and received must~~
 7.27 ~~be deposited in the highway user tax distribution fund, 20.5 percent must be deposited~~
 7.28 ~~in the metropolitan area transit fund under section 16A.88, and 1.25 percent must be~~
 7.29 ~~deposited in the greater Minnesota transit fund under section 16A.88. The remaining~~
 7.30 ~~money must be deposited in the general fund.~~

7.31 (b) From July 1, 2007, to June 30, 2008, 38.25 percent must be deposited in the
 7.32 highway user tax distribution fund, and 25.5 percent must be deposited in the transit fund
 7.33 and allocated 22.25 percent to the metropolitan area transit account, and 3.25 percent to

8.1 the greater Minnesota transit account. The remaining money must be deposited in the
 8.2 general fund.

8.3 (c) From July 1, 2008, to June 30, 2009, 44.25 percent must be deposited in the
 8.4 highway user tax distribution fund, and 29.5 percent must be deposited in the transit fund
 8.5 and allocated 25.75 percent to the metropolitan area transit account, and 3.75 percent to
 8.6 the greater Minnesota transit account. The remaining money must be deposited in the
 8.7 general fund.

8.8 (d) From July 1, 2009, to June 30, 2010, 50.25 percent must be deposited in the
 8.9 highway user tax distribution fund, and 33.5 percent must be deposited in the transit fund
 8.10 and allocated 29.25 percent to the metropolitan area transit account, and 4.25 percent to
 8.11 the greater Minnesota transit account. The remaining money must be deposited in the
 8.12 general fund.

8.13 (e) From July 1, 2010, to June 30, 2011, 56.25 percent must be deposited in the
 8.14 highway user tax distribution fund, and 37.5 percent must be deposited in the transit fund
 8.15 and allocated 32.75 percent to the metropolitan area transit account, and 4.75 percent to
 8.16 the greater Minnesota transit account. The remaining money must be deposited in the
 8.17 general fund.

8.18 (f) On and after July 1, 2011, 60 percent must be deposited in the highway user tax
 8.19 distribution fund, and 40 percent must be deposited in the transit fund and allocated 35
 8.20 percent to the metropolitan area transit account and five percent to the greater Minnesota
 8.21 transit account.

8.22 **ARTICLE 4**

8.23 **FUEL TAX**

8.24 Section 1. Minnesota Statutes 2006, section 296A.07, subdivision 3, is amended to
 8.25 read:

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

8.27 (1) E85 is taxed at the rate of ~~14.2~~ 21.3 cents per gallon;

8.28 (2) M85 is taxed at the rate of ~~11.4~~ 17.1 cents per gallon; and

8.29 (3) all other gasoline is taxed at the rate of ~~20~~ 30 cents per gallon.

8.30 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to all
 8.31 gasoline, undyed diesel fuel, and special fuel in distributor storage on July 1, 2007.

8.32 Sec. 2. Minnesota Statutes 2006, section 296A.08, subdivision 2, is amended to read:

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

9.1 (a) Liquefied petroleum gas or propane is taxed at the rate of ~~15~~ 22.5 cents per gallon.

9.2 (b) Liquefied natural gas is taxed at the rate of ~~12~~ 18 cents per gallon.

9.3 (c) Compressed natural gas is taxed at the rate of ~~\$1.739~~ \$2.609 per thousand cubic
 9.4 feet; or ~~20~~ 30 cents per gasoline equivalent, as defined by the National Conference on
 9.5 Weights and Measures, which is 5.66 pounds of natural gas.

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

9.9 **EFFECTIVE DATE.** This section is effective July 1, 2007, and applies to all
 9.10 gasoline, undyed diesel fuel, and special fuel in distributor storage on July 1, 2007.

9.11 Sec. 3. **[296A.081] ANNUAL ADJUSTMENT.**

9.12 (a) On April 1, 2009, and each April 1 thereafter, the commissioner of revenue
 9.13 shall recompute and publish the rate of each fuel tax provided for in sections 296A.07,
 9.14 subdivision 3, and 296A.08, subdivision 2. The new rate for each such tax must be
 9.15 calculated by multiplying the rate in effect at the time of the calculation by an amount
 9.16 obtained under paragraph (b). The new rate must be rounded to the nearest 0.1 cent and is
 9.17 effective on June 1 of each year.

9.18 (b) Divide the annual average United States Consumer Price Index for all urban
 9.19 consumers, United States city average, as determined by the United States Department of
 9.20 Labor for the previous year by that annual average for the year before the previous year.

9.21 (c) By a majority vote, the legislature may suspend the annual adjustment for any
 9.22 particular year or years.

9.23 **EFFECTIVE DATE.** This section is effective April 1, 2009.

9.24 **ARTICLE 5**

9.25 **COUNTY STATE-AID FUND DISTRIBUTION**

9.26 Section 1. Minnesota Statutes 2006, section 162.07, subdivision 1, is amended to read:

9.27 Subdivision 1. ~~**Formula Apportionment sum and excess sum.** After deducting for~~
 9.28 ~~administrative costs and for the disaster account and research account and state park roads~~
 9.29 ~~as heretofore provided, the remainder of~~ (a) The total sum provided for in section 162.06,
 9.30 subdivision 1, ~~shall be~~ is identified as the apportionment sum and the excess sum. ~~shall be~~
 9.31 ~~apportioned by the commissioner to the several counties on the basis of the needs of the~~
 9.32 ~~counties as determined in accordance with the following formula:~~

10.1 ~~(a) An amount equal to ten percent of the apportionment sum shall be apportioned~~
10.2 ~~equally among the 87 counties:~~

10.3 ~~(b) An amount equal to ten percent of the apportionment sum shall be apportioned~~
10.4 ~~among the several counties so that each county shall receive of such amount the~~
10.5 ~~percentage that its motor vehicle registration for the calendar year preceding the one last~~
10.6 ~~past, determined by residence of registrants, bears to the total statewide motor vehicle~~
10.7 ~~registration:~~

10.8 ~~(c) An amount equal to 30 percent of the apportionment sum shall be apportioned~~
10.9 ~~among the several counties so that each county shall receive of such amount the percentage~~
10.10 ~~that its total lane-miles of approved county state-aid highways bears to the total lane-miles~~
10.11 ~~of approved statewide county state-aid highways. In 1997 and subsequent years no county~~
10.12 ~~may receive, as a result of an apportionment under this clause based on lane-miles rather~~
10.13 ~~than miles of approved county state-aid highways, an apportionment that is less than its~~
10.14 ~~apportionment in 1996:~~

10.15 ~~(d) An amount equal to 50 percent of the apportionment sum shall be apportioned~~
10.16 ~~among the several counties so that each county shall receive of such amount the percentage~~
10.17 ~~that its money needs bears to the sum of the money needs of all of the individual counties;~~
10.18 ~~provided, that the percentage of such amount that each county is to receive shall be~~
10.19 ~~adjusted so that each county shall receive in 1958 a total apportionment at least ten~~
10.20 ~~percent greater than its total 1956 apportionments from the state road and bridge fund;~~
10.21 ~~and provided further that those counties whose money needs are thus adjusted shall~~
10.22 ~~never receive a percentage of the apportionment sum less than the percentage that such~~
10.23 ~~county received in 1958:~~

10.24 (b) The excess sum is the sum of:

10.25 (1) revenue attributed to that portion of the gasoline excise tax rate in excess of 20
10.26 cents per gallon, and to that portion of the excise tax rate for E85, M85, and special fuels
10.27 in excess of the energy equivalent of a gasoline tax rate of 20 cents per gallon;

10.28 (2) revenue attributed to a change in the passenger vehicle registration tax under
10.29 section 168.013, imposed on or after July 1, 2007, that exceeds the amount collected in
10.30 fiscal year 2007 multiplied by the annual average United States Consumer Price Index
10.31 for all urban consumers, United States city average, as determined by the United States
10.32 Department of Labor for the previous year, divided by the annual average for calendar
10.33 year 2006; and

10.34 (3) revenue to the county state-aid highway fund attributable to the motor vehicle
10.35 sales tax in excess of fiscal year 2007 revenue.

11.1 (c) The apportionment sum is calculated by subtracting the excess sum from the
11.2 remainder of the total sum.

11.3 Sec. 2. Minnesota Statutes 2006, section 162.07, is amended by adding a subdivision
11.4 to read:

11.5 Subd. 1a. **Apportionment sum.** The commissioner shall reduce the apportionment
11.6 sum by a proportionate share of the deductions for administrative costs, disaster account,
11.7 research account, and state park road account, and apportion the remainder among the
11.8 several counties on the basis of the needs of the counties as follows:

11.9 (1) An amount equal to ten percent shall be apportioned equally among the 87
11.10 counties.

11.11 (2) An amount equal to ten percent shall be apportioned among the several counties
11.12 so that each county shall receive of such amount the percentage that its motor vehicle
11.13 registration for the calendar year preceding the one last past, determined by residence of
11.14 registrants, bears to the total statewide motor vehicle registration.

11.15 (3) An amount equal to 30 percent shall be apportioned among the several counties
11.16 so that each county shall receive of such amount the percentage that its total lane-miles of
11.17 approved county state-aid highways bears to the total lane-miles of approved statewide
11.18 county state-aid highways. In 1997 and subsequent years no county may receive, as a result
11.19 of an apportionment under this clause based on lane-miles rather than miles of approved
11.20 county state-aid highways, an apportionment that is less than its apportionment in 1996.

11.21 (4) An amount equal to 50 percent shall be apportioned among the several counties
11.22 so that each county shall receive of such amount the percentage that its money needs bears
11.23 to the sum of the money needs of all of the individual counties.

11.24 Sec. 3. Minnesota Statutes 2006, section 162.07, is amended by adding a subdivision
11.25 to read:

11.26 Subd. 1b. **Excess sum.** The commissioner shall reduce the excess sum by a
11.27 proportionate share of the deductions for administrative costs, disaster account, research
11.28 account, and state park road account, and apportion the remainder among the several
11.29 counties on the basis of the needs of the counties as follows:

11.30 (1) An amount equal to 40 percent must be apportioned among the several counties
11.31 so that each county receives of that amount the percentage that its motor vehicle
11.32 registration for the calendar year preceding the one last past, determined by residence of
11.33 registrants, bears to the total statewide motor vehicle registration.

12.1 (2) An amount equal to 60 percent must be apportioned among the several counties
 12.2 so that each county receives of that amount the percentage that its money needs bears to
 12.3 the sum of the money needs of all of the individual counties.

12.4 Sec. 4. Minnesota Statutes 2006, section 162.07, is amended by adding a subdivision
 12.5 to read:

12.6 Subd. 7. **Construction apportionment.** (a) For purposes of this subdivision:

12.7 (1) "construction apportionment" means money allocated to counties under this
 12.8 section and not set aside for maintenance under section 162.08, subdivision 9; and

12.9 (2) "money needs percentage" means the construction apportionment of a county
 12.10 divided by the approved money needs of that county.

12.11 (b) No county may receive a construction apportionment in any year that is less
 12.12 than that county's average annual construction apportionment over calendar years 2003
 12.13 through 2007.

12.14 (c) After calculating the apportionment for each county each year under this section,
 12.15 but before distribution of money to counties, the commissioner shall:

12.16 (1) determine the statewide average money needs percentage for all counties;

12.17 (2) rank all counties according to the extent to which each county is above or below
 12.18 the statewide average money needs percentage;

12.19 (3) identify those counties that are more than ten percent below the statewide
 12.20 average money needs percentage; and

12.21 (4) to the extent permitted by compliance with paragraph (b), allot to each county
 12.22 identified under clause (3) an amount that, if added to the county's construction allocation,
 12.23 would be sufficient to bring that county up to at least 90 percent of the statewide average
 12.24 money needs percentage.

12.25 **ARTICLE 6**

12.26 **SALES TAX ON MOTOR VEHICLE LEASES**

12.27 Section 1. Minnesota Statutes 2006, section 297A.815, is amended by adding a
 12.28 subdivision to read:

12.29 Subd. 3. **Deposit of revenues.** Notwithstanding any law to the contrary, money
 12.30 collected and received under this section must be deposited as follows:

12.31 (1) From July 1, 2007, to June 30, 2008, 38.25 percent must be deposited in the local
 12.32 road improvement fund and credited to the trunk highway corridor projects account,
 12.33 and 25.5 percent must be deposited in the transit fund and allocated 22.25 percent to

13.1 the metropolitan area transit account, and 3.25 percent to the greater Minnesota transit
 13.2 account. The remaining money must be deposited in the general fund.

13.3 (2) From July 1, 2008, to June 30, 2009, 44.25 percent must be deposited in the local
 13.4 road improvement fund and credited to the trunk highway corridor projects account,
 13.5 and 29.5 percent must be deposited in the transit fund and allocated 25.75 percent to
 13.6 the metropolitan area transit account, and 3.75 percent to the greater Minnesota transit
 13.7 account. The remaining money must be deposited in the general fund.

13.8 (3) From July 1, 2009, to June 30, 2010, 50.25 percent must be deposited in the local
 13.9 road improvement fund and credited to the trunk highway corridor projects account,
 13.10 and 33.5 percent must be deposited in the transit fund and allocated 29.25 percent to
 13.11 the metropolitan area transit account, and 4.25 percent to the greater Minnesota transit
 13.12 account. The remaining money must be deposited in the general fund.

13.13 (4) From July 1, 2010, to June 30, 2011, 56.25 percent must be deposited in the local
 13.14 road improvement fund and credited to the trunk highway corridor projects account,
 13.15 and 37.5 percent must be deposited in the transit fund and allocated 32.75 percent to
 13.16 the metropolitan area transit account, and 4.75 percent to the greater Minnesota transit
 13.17 account. The remaining money must be deposited in the general fund.

13.18 (5) On and after July 1, 2011, 60 percent must be deposited in the local road
 13.19 improvement fund and credited to the trunk highway corridor projects account, and 40
 13.20 percent must be deposited in the transit fund and allocated five percent to the greater
 13.21 Minnesota transit account, and 35 percent to the metropolitan area transit account.

13.22 Sec. 2. Minnesota Statutes 2006, section 297A.815, is amended by adding a
 13.23 subdivision to read:

13.24 Subd. 4. **Reporting of tax proceeds.** A lessor must report taxes collected under
 13.25 this section separately from any other taxes collected and remitted under this chapter or
 13.26 chapter 297B.

13.27 Sec. 3. Minnesota Statutes 2006, section 297A.94, is amended to read:

13.28 **297A.94 DEPOSIT OF REVENUES.**

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

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

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

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

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

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

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

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

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

14.22 (e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and
14.23 for fiscal year 2004 and thereafter, 72.43 percent of the revenues, including interest and
14.24 penalties, transmitted to the commissioner under section 297A.65, must be deposited by
14.25 the commissioner in the state treasury as follows:

14.26 (1) 50 percent of the receipts must be deposited in the heritage enhancement account
14.27 in the game and fish fund, and may be spent only on activities that improve, enhance, or
14.28 protect fish and wildlife resources, including conservation, restoration, and enhancement
14.29 of land, water, and other natural resources of the state;

14.30 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and
14.31 may be spent only for state parks and trails;

14.32 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and
14.33 may be spent only on metropolitan park and trail grants;

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

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

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

15.13 (g) The revenues, including interest and penalties, collected under section 297A.815
 15.14 must be deposited as provided in section 297A.815, subdivision 3.

15.15 Sec. 4. **EFFECTIVE DATE.**

15.16 Sections 1 to 3 are effective beginning with revenues collected and remitted
 15.17 beginning July 1, 2007.

15.18 **ARTICLE 7**

15.19 **CAPITAL IMPROVEMENT APPROPRIATIONS**

15.20 Section 1. **CAPITAL IMPROVEMENT APPROPRIATIONS.**

15.21 The sums shown in the column under "APPROPRIATIONS" are appropriated from
 15.22 the bond proceeds fund, or another named fund, to the state agencies or officials indicated,
 15.23 to be spent for public purposes. Appropriations of bond proceeds must be spent as
 15.24 authorized by the Minnesota Constitution, article XI, section 5, paragraph (a), to acquire
 15.25 and better public land and buildings and other public improvements of the capital nature, or
 15.26 as authorized by the Minnesota Constitution, article XI, section 5, paragraphs (b) to (j), or
 15.27 article XIV. Unless otherwise specified, the appropriations in this article are available until
 15.28 the project is completed or abandoned subject to Minnesota Statutes, section 16A.642.

15.29 **SUMMARY**

15.30	<u>TRANSPORTATION</u>	\$ 122,500,000
15.31	<u>METROPOLITAN COUNCIL</u>	54,000,000
15.32	<u>BOND SALE EXPENSES</u>	1,756,000
15.33	<u>TOTAL</u>	\$ 178,265,000

15.34 **APPROPRIATIONS**

16.1 **Sec. 2. TRANSPORTATION**

16.2 **Subdivision 1. To the commissioner of**
16.3 **transportation for the purposes specified in**
16.4 **this section**

\$ 115,733,000

16.5 Midwest Regional Rail Initiative 10,000,000

16.6 This appropriation is from the bond proceeds
16.7 account in the state transportation fund as
16.8 provided in Minnesota Statutes, section
16.9 174.50, for preliminary engineering,
16.10 environmental studies, and final design of
16.11 the Midwest Regional Rail Initiative within
16.12 Minnesota.

16.13 **Subd. 2. Local Bridge Replacement and**
16.14 **Rehabilitation**

50,000,000

16.15 This appropriation is from the bond proceeds
16.16 account in the state transportation fund as
16.17 provided in Minnesota Statutes, section
16.18 174.50, to match federal money and to
16.19 replace or rehabilitate local deficient bridges.

16.20 Political subdivisions may use grants made
16.21 under this section to construct or reconstruct
16.22 bridges, including:

16.23 (1) matching federal-aid grants to construct
16.24 or reconstruct key bridges;

16.25 (2) paying the costs of preliminary
16.26 engineering and environmental studies
16.27 authorized under Minnesota Statutes, section
16.28 174.50, subdivision 6a;

16.29 (3) paying the costs to abandon an existing
16.30 bridge that is deficient and in need of
16.31 replacement, but where no replacement will
16.32 be made; and

16.33 (4) paying the costs to construct a road
16.34 or street to facilitate the abandonment

17.1	<u>of an existing bridge determined by</u>	
17.2	<u>the commissioner to be deficient, if the</u>	
17.3	<u>commissioner determines that construction</u>	
17.4	<u>of the road or street is more cost efficient</u>	
17.5	<u>than the replacement of the existing bridge.</u>	
17.6	<u>Subd. 3. Local Road Improvement Program</u>	<u>50,000,000</u>
17.7	<u>This appropriation is from the bond proceeds</u>	
17.8	<u>account in the state transportation fund as</u>	
17.9	<u>provided in Minnesota Statutes, section</u>	
17.10	<u>174.50.</u>	
17.11	<u>Subd. 4. Port Development Assistance</u>	<u>2,000,000</u>
17.12	<u>This appropriation is from the bond proceeds</u>	
17.13	<u>account in the state transportation fund as</u>	
17.14	<u>provided in Minnesota Statutes, section</u>	
17.15	<u>174.50, for grants under Minnesota Statutes,</u>	
17.16	<u>chapter 457A. Any improvements made with</u>	
17.17	<u>the proceeds of these grants must be publicly</u>	
17.18	<u>owned.</u>	
17.19	<u>Subd. 5. Greater Minnesota Transit</u>	<u>10,500,000</u>
17.20	<u>This appropriation is from the bond proceeds</u>	
17.21	<u>account in the state transportation fund as</u>	
17.22	<u>provided in Minnesota Statutes, section</u>	
17.23	<u>174.50, for capital assistance for greater</u>	
17.24	<u>Minnesota transit systems to be used for</u>	
17.25	<u>transit capital facilities under Minnesota</u>	
17.26	<u>Statutes, section 174.24, subdivision 3c.</u>	
17.27	<u>Money from this appropriation may be used</u>	
17.28	<u>to pay up to 80 percent of the nonfederal</u>	
17.29	<u>share of these facilities.</u>	
17.30	<u>Sec. 3. METROPOLITAN COUNCIL</u>	
17.31	<u>Subdivision 1. To the Metropolitan Council for</u>	
17.32	<u>the purposes specified in this section</u>	<u>\$ 54,000,000</u>
17.33	<u>Marked Interstate Highway 35W Corridor</u>	<u>2,000,000</u>

- 18.1 For a study of the feasibility of the use of
 18.2 light rail transit in the marked Interstate
 18.3 Highway 35W corridor between Minneapolis
 18.4 and Lakeville.
- 18.5 **Subd. 2. Central Corridor Transit Way** **40,000,000**
- 18.6 For environmental studies, preliminary
 18.7 engineering, and design of the central
 18.8 corridor transit way between downtown
 18.9 Minneapolis and downtown St. Paul.
- 18.10 **Subd. 3. Union Depot** **12,000,000**
- 18.11 For a grant to the Ramsey County Regional
 18.12 Railroad Authority to acquire land and
 18.13 structures, to renovate structures, and for
 18.14 design, engineering, and environmental
 18.15 work to revitalize Union Depot for use as a
 18.16 multimodal transit center in St. Paul.
- 18.17 **Sec. 4. BOND SALE EXPENSES** **1,765,000**
- 18.18 To the commissioner of finance for bond sale
 18.19 expenses under Minnesota Statutes, section
 18.20 16A.641, subdivision 8.
- 18.21 **Sec. 5. BOND SALE AUTHORIZATION.**
- 18.22 Subdivision 1. Bond proceeds fund. To provide the money appropriated in this
 18.23 article from the bond proceeds fund, the commissioner of finance shall sell and issue
 18.24 bonds of the state in an amount up to \$123,725,000 in the manner, upon the terms, and
 18.25 with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the
 18.26 Minnesota Constitution, article XI, sections 4 to 7.
- 18.27 Subd. 2. Transportation fund bond proceeds account. To provide the money
 18.28 appropriated in this article from the state transportation fund, the commissioner of finance
 18.29 shall sell and issue bonds of the state in an amount up to \$54,540,000 in the manner, upon
 18.30 the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to
 18.31 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of
 18.32 the bonds, except accrued interest and any premium received on the sale of the bonds,
 18.33 must be credited to a bond proceeds account in the state transportation fund.

19.1 Sec. 6. Minnesota Statutes 2006, section 473.39, is amended by adding a subdivision
19.2 to read:

19.3 Subd. 1m. **Obligations.** After July 1, 2007, in addition to the authority in
19.4 subdivisions 1a, 1b, 1c, 1d, 1e, 1g, 1h, 1i, 1j, 1k, and 1l, the council may issue certificates
19.5 of indebtedness, bonds, or other obligations under this section in an amount not exceeding
19.6 \$66,000,000 for capital expenditures as prescribed in the council's regional transit master
19.7 plan and transit capital improvement program, and for related costs, including the costs of
19.8 issuance and sale of the obligations.

19.9 ARTICLE 8

19.10 LOCAL TRANSPORTATION SALES TAX

19.11 Section 1. Minnesota Statutes 2006, section 161.04, is amended by adding a
19.12 subdivision to read:

19.13 Subd. 5. **Highway spending in metropolitan transportation area.** In any year
19.14 during which taxes authorized in section 297A.992, subdivision 3, are imposed, and
19.15 exclusive of the expenditure of these revenues, the percentage of total trunk highway fund
19.16 expenditures attributable to projects in the metropolitan transportation area, within the
19.17 meaning of section 297A.992, subdivision 1, may not vary more than two percentage
19.18 points from the average of the previous five years of trunk highway fund metropolitan
19.19 transportation area expenditures.

19.20 Sec. 2. **[297A.992] LOCAL TRANSPORTATION SALES AND EXCISE TAX.**

19.21 Subdivision 1. **Definitions.** For purposes of this section and section 161.04,
19.22 subdivision 5:

19.23 (1) "Metropolitan transportation area" means the counties of Anoka, Carver, Dakota,
19.24 Hennepin, Ramsey, Scott, and Washington, and any adjacent county that is declared by
19.25 resolution of its county board to be a part of the metropolitan transportation area.

19.26 (2) "Joint powers board" means the Metropolitan Transportation Area Joint Powers
19.27 Board.

19.28 Subd. 2. **Authorization; rates.** (a) Notwithstanding sections 297A.99, subdivisions
19.29 1, 2, 3, 5, and 13; 477A.016; or any other law, the joint powers board may impose a
19.30 transportation sales and use tax within the metropolitan transit area, at a rate of one-half
19.31 of one percent on retail sales and uses taxable under this chapter, and may impose an
19.32 excise tax on the sale of new motor vehicles, at the rate of \$20 per vehicle, occurring
19.33 within the jurisdiction of the taxing authority, to fund transportation improvements, as
19.34 provided in this section.

20.1 (b) The tax imposed under this section is not included in determining if the total tax
 20.2 on lodging in the city of Minneapolis exceeds the maximum allowed tax under Laws 1986,
 20.3 chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article
 20.4 12, section 87, or in determining a tax that may be imposed under any other limitations.

20.5 Subd. 3. **Deposit of revenues.** (a) After the deductions allowed in section 297A.99,
 20.6 subdivision 11, the commissioner of revenue shall deposit all revenue from taxes imposed
 20.7 under this section in the transit fund for credit to the metropolitan area transportation
 20.8 account. Money in the account is appropriated to the commissioner of finance who shall
 20.9 allocate money in the account as directed by resolution of the joint powers board under
 20.10 paragraph (c).

20.11 (b) Before imposing the tax, counties in the metropolitan transportation area shall
 20.12 enter into a joint powers agreement to create the joint powers board to exercise the powers
 20.13 provided in this section. The joint powers board must consist of one county commissioner
 20.14 to represent each county in the metropolitan transportation area. The joint powers board
 20.15 has the powers and duties provided in this section and in section 471.59, except that the
 20.16 joint powers board may not issue bonds.

20.17 (c) By May 1 of each year, the joint powers board shall, by resolution, direct the
 20.18 commissioner of finance to allocate revenue in the metropolitan transportation area
 20.19 account for the next fiscal year. The resolution must direct the commissioner to allocate
 20.20 funds as follows:

20.21 (1) 50 percent to be allocated among:

20.22 (i) the commissioner of transportation for implementation of the commissioner's
 20.23 greater Minnesota transit plan in counties in the metropolitan transportation area that are
 20.24 directly served by greater Minnesota transit;

20.25 (ii) the Metropolitan Council for implementation of the public transit components of
 20.26 the council's 2030 transportation policy plan, and for other public transit operations and
 20.27 capital improvements provided or assisted by the council in counties in the metropolitan
 20.28 transportation area; and

20.29 (iii) counties in the metropolitan transportation area for operation of and capital
 20.30 assistance to public transit systems that the county, or one or more cities in the county,
 20.31 owns, operates, or contracts for; and

20.32 (2) 50 percent to be allocated among:

20.33 (i) the commissioner of transportation for metropolitan transportation area highway
 20.34 projects included in the commissioner's current ten-year highway work plan; and

20.35 (ii) counties in the metropolitan transportation area for construction, maintenance,
 20.36 and improvement of local roads.

21.1 Subd. 4. Tax in counties outside metropolitan transportation area.

21.2 Notwithstanding sections 297A.99, subdivisions 1, 2, 3, 5, and 13; 477A.016; or any other
 21.3 law, the board of a county outside the metropolitan transportation area, or more than one
 21.4 county acting under a joint powers agreement, may impose, either or both, a transportation
 21.5 sales tax at a rate of one-half of one percent on retail sales and uses taxable under this
 21.6 chapter and a motor vehicle excise tax on the sale of new motor vehicles at the rate of \$20
 21.7 per vehicle, occurring within the jurisdiction of the taxing authority subject to approval by
 21.8 the voters of the county or counties at a general election. The proceeds of the tax must be
 21.9 dedicated exclusively to payment of the cost of a specific transportation project, which is
 21.10 designated at least 90 days before the referendum on imposition of the tax is conducted.
 21.11 The tax must terminate after the improvement has been completed.

21.12 Subd. 5. Administration, collection, enforcement. The administration, collection,
 21.13 and enforcement provisions in section 297A.99, subdivisions 4 and 6 to 12, apply to all
 21.14 taxes imposed under this section.

21.15 **Sec. 3. REPORT.**

21.16 In each year during the period of imposition of the taxes authorized in Minnesota
 21.17 Statutes, section 297A.992, subdivision 3, the commissioner of transportation and the
 21.18 Metropolitan Council shall report by February 1 to the house of representatives and senate
 21.19 committees having jurisdiction over transportation policy and finance concerning the
 21.20 revenues received from the metropolitan transportation area sales tax and the expenditures
 21.21 of that money.

21.22 **Sec. 4. EFFECTIVE DATE.**

21.23 This article is effective for sales made on and after January 1, 2008.

21.24 **ARTICLE 9**

21.25 **ROAD USER FEE TASK FORCE**

21.26 **Section 1. ROAD USER FEE TASK FORCE.**

21.27 Subdivision 1. Creation and purpose. A Road User Fee Task Force is established
 21.28 to study the future of highway funding and alternatives to existing highway user tax
 21.29 mechanisms.

21.30 Subd. 2. Composition. (a) The Road User Fee Task Force is composed of:

21.31 (1) the commissioner of transportation or the commissioner's designee;

21.32 (2) the commissioner of public safety or the commissioner's designee;

21.33 (3) the commissioner of revenue or the commissioner's designee;

- 22.1 (4) six citizen members appointed by the governor, who must include:
- 22.2 (i) a representative of the motor carrier industry;
- 22.3 (ii) a representative of a transportation organization with both public and private
- 22.4 members;
- 22.5 (iii) a representative of an association of high-technology companies;
- 22.6 (iv) a representative of the University of Minnesota Center for Transportation
- 22.7 Studies; and
- 22.8 (v) two additional members;
- 22.9 (5) an elected city official appointed by the governor;
- 22.10 (6) a county board member appointed by the governor;
- 22.11 (7) an elected township officer appointed by the governor;
- 22.12 (8) three senators appointed by the Subcommittee on Committees of the Committee
- 22.13 on Rules and Administration, of whom one must be the chair of the senate committee
- 22.14 having jurisdiction over transportation policy and one of whom must be a member of
- 22.15 the minority caucus; and
- 22.16 (9) three members of the house of representatives appointed by the speaker, of whom
- 22.17 one must be the chair of the house committee having jurisdiction over transportation
- 22.18 policy and one of whom must be a member of the minority caucus.
- 22.19 (b) Removal of task force members is as provided under Minnesota Statutes, section
- 22.20 15.059, subdivision 4. The task force shall elect a chair from among its members.
- 22.21 (c) Members of the task force shall receive compensation in accordance with
- 22.22 Minnesota Statutes, section 15.059, subdivision 3.
- 22.23 (d) The Department of Transportation shall provide staff, administrative support,
- 22.24 and funding to the task force.
- 22.25 **Subd. 3. Duties.** (a) The task force shall study:
- 22.26 (1) the adequacy of existing highway user tax mechanisms to fund present and
- 22.27 future highway needs; and
- 22.28 (2) alternative highway user tax systems and mechanisms that tie highway user
- 22.29 collections directly to road usage, including:
- 22.30 (i) present and future technology that would be used by such alternative systems,
- 22.31 including:
- 22.32 (A) vehicle identification capability;
- 22.33 (B) ability of such systems to collect and report number of miles traveled by each
- 22.34 vehicle and collect taxes or fees on the basis of such information; and
- 22.35 (C) suitability of such systems for one or more pilot projects;
- 22.36 (ii) revenue potential of such systems compared to the existing tax system;

- 23.1 (iii) public acceptance of such systems;
 23.2 (iv) costs of implementation and administration of such systems;
 23.3 (v) potential for tax evasion under such systems;
 23.4 (vi) issues of tax equity; and
 23.5 (vii) compatibility of such systems with tax systems in other states.

23.6 (b) The task force shall review available literature and other research as part of its
 23.7 study. Task force meetings must be open to the public.

23.8 Subd. 4. **Pilot project.** By January 15, 2008, the commissioner shall recommend to
 23.9 the task force a pilot program to test mileage-based alternatives to the current system of
 23.10 taxing highway use through motor vehicle fuel taxes. The task force shall gather public
 23.11 comment and make recommendations to the commissioner on the design of the pilot
 23.12 program and evaluation criteria.

23.13 Subd. 5. **Report.** By January 15, 2009, the task force shall provide a final
 23.14 report to the chairs of the senate and house of representatives committees with
 23.15 jurisdiction over transportation policy and finance regarding its findings, conclusions, and
 23.16 recommendations.

ARTICLE 10

APPROPRIATIONS

23.17
 23.18
 23.19 Section 1. **METROPOLITAN COUNCIL BUS TRANSIT.**

23.20 \$138,453,000 in fiscal year 2008 and \$83,453,000 in fiscal year 2009 are
 23.21 appropriated from the general fund to the Metropolitan Council transit for bus system
 23.22 operations. Of the fiscal year 2008 appropriation, \$55,000,000 is a onetime appropriation
 23.23 and does not add to the Metropolitan Council's budget base. The unencumbered balance
 23.24 in the first year does not cancel but is available for the second year.

23.25 Sec. 2. **GREATER MINNESOTA TRANSIT.**

23.26 \$27,510,000 in fiscal year 2008 and \$20,510,000 in fiscal year 2009 are appropriated
 23.27 from the general fund to the commissioner of transportation for greater Minnesota transit.
 23.28 Of the fiscal year 2008 appropriation, \$7,000,000 is a onetime appropriation and does not
 23.29 add to the Department of Transportation's budget base. The unencumbered balance in the
 23.30 first year does not cancel but is available for the second year.

23.31 Sec. 3. **LOCAL ROAD IMPROVEMENT.**

23.32 \$10,000,000 in fiscal year 2008 is transferred from the general fund to the local road
 23.33 improvement fund and credited to the trunk highway corridor projects account.

24.1 Sec. 4. **HIGHWAY USER.**

24.2 \$328,000,000 in fiscal year 2008 is appropriated to the commissioner of finance for
24.3 transfer from the general fund to the highway user tax distribution fund.

24.4 **ARTICLE 11**24.5 **TRUNK HIGHWAY BONDING**24.6 Section 1. **TRANSPORTATION APPROPRIATIONS.**

24.7 \$100,000,000 is appropriated from the bond proceeds account in the trunk highway
24.8 fund to the commissioner of transportation in each of fiscal years 2008 through 2017 for
24.9 trunk highway improvements. No more than \$15,000,000 of each year's appropriation
24.10 may be used by the commissioner for program delivery.

24.11 Sec. 2. **FINANCE APPROPRIATION.**

24.12 \$1,000,000 is appropriated from the bond proceeds account in the trunk highway
24.13 fund to the commissioner of finance in each of fiscal years 2008 through 2017 for bond
24.14 sale expenses under Minnesota Statutes, sections 16A.641, subdivision 8, and 167.50,
24.15 subdivision 4.

24.16 Sec. 3. **BOND SALE AUTHORIZATION.**

24.17 To provide the money appropriated in this article from the bond proceeds account
24.18 in the trunk highway fund, the commissioner of finance shall sell and issue bonds of the
24.19 state in an amount up to \$1,100,000,000 in the manner, upon the terms, and with the
24.20 effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota
24.21 Constitution, article XIV, section 11, at the times and in the amounts requested by the
24.22 commissioner of transportation. The proceeds of the bonds, except accrued interest and
24.23 any premium received from the sale of the bonds, must be deposited in the bond proceeds
24.24 account in the trunk highway fund.