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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **438**

January 29, 2007

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The bill was read for the first time and referred to the Committee on Environment and Natural Resources

1.1 A bill for an act
1.2 relating to state government; proposing an amendment to the Minnesota
1.3 Constitution, article XI; increasing the sales tax rate by one-fourth of one
1.4 percent; dedicating the receipts for natural resource purposes; creating a
1.5 heritage enhancement fund; establishing a Heritage Enhancement Council;
1.6 providing for funding of arts and cultural resources; appropriating money;
1.7 amending Minnesota Statutes 2006, sections 10A.01, subdivision 35; 16A.531,
1.8 subdivisions 1a, 2; 114D.45, subdivisions 2, 3; 297A.62, subdivision 1; 297A.94;
1.9 297B.02, subdivision 1; proposing coding for new law in Minnesota Statutes,
1.10 chapters 16A; 85; 97A; 114D.

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

1.12 ARTICLE 1
1.13 FUNDING TRANSFER

1.14 Section 1. **TRANSFER OF FUNDS.**

1.15 \$100,000,000 in fiscal year 2008 and \$100,000,000 in fiscal year 2009 is transferred
1.16 from the general fund and credited to the clean water legacy account under section
1.17 114D.45 for cleaning up impaired waters in the state.

1.18 ARTICLE 2
1.19 **CONSTITUTIONAL AMENDMENT: CLEAN WATER; WILDLIFE**
1.20 **HABITAT; STATE PARKS AND TRAILS**

1.21 Section 1. **CONSTITUTIONAL AMENDMENT.**

1.22 An amendment to the Minnesota Constitution is proposed to the people. If the
1.23 amendment is adopted, a section will be added to article XI, to read:

1.24 Sec. 15. Beginning July 1, 2009, until June 30, 2034, the sales and use tax rate shall be
1.25 increased by one-fourth of one percent on sales and uses taxable under the general state

2.1 sales and use tax law. Receipts from the increase, plus penalties and interest and reduced
 2.2 by any refunds, are dedicated as follows: 50 percent of the receipts shall be deposited
 2.3 in the environmental fund and may be spent only on protection and restoration of the
 2.4 state's lakes, rivers, streams, wetlands, and groundwater; 40 percent of the receipts shall
 2.5 be deposited in the heritage enhancement fund and may be spent for the improvement,
 2.6 enhancement, and protection of the state's fish, game, and wildlife habitat; and 10 percent
 2.7 of the receipts shall be deposited in the natural resources fund and may be spent only to
 2.8 acquire, operate, and maintain state parks and trails. A heritage enhancement fund is
 2.9 created in the state treasury. The money dedicated under this section shall be appropriated
 2.10 by law. Interests in land acquired in fee with money dedicated for wildlife habitat under
 2.11 this section must be open to the public taking of fish and game during the open season
 2.12 unless otherwise provided by law.

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

2.14 The proposed amendment shall be submitted to the people at the 2008 general
 2.15 election. The question submitted shall be:

2.16 "Shall the Minnesota Constitution be amended to ensure the people's quality of
 2.17 life by providing funding to improve and protect the waters of the state; the state's fish,
 2.18 game, and wildlife habitat; and state parks and trails by increasing the state sales tax rate
 2.19 by one-fourth of one percent until 2034?

2.20 Yes
 2.21 No"

2.22 **ARTICLE 3**
 2.23 **IMPLEMENTING SECTIONS**

2.24 Section 1. Minnesota Statutes 2006, section 10A.01, subdivision 35, is amended to
 2.25 read:

2.26 Subd. 35. **Public official.** "Public official" means any:

2.27 (1) member of the legislature;

2.28 (2) individual employed by the legislature as secretary of the senate, legislative
 2.29 auditor, chief clerk of the house, revisor of statutes, or researcher, legislative analyst, or
 2.30 attorney in the Office of Senate Counsel and Research or House Research;

2.31 (3) constitutional officer in the executive branch and the officer's chief administrative
 2.32 deputy;

2.33 (4) solicitor general or deputy, assistant, or special assistant attorney general;

3.1 (5) commissioner, deputy commissioner, or assistant commissioner of any state
 3.2 department or agency as listed in section 15.01 or 15.06, or the state chief information
 3.3 officer;

3.4 (6) member, chief administrative officer, or deputy chief administrative officer of a
 3.5 state board or commission that has either the power to adopt, amend, or repeal rules under
 3.6 chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;

3.7 (7) individual employed in the executive branch who is authorized to adopt, amend,
 3.8 or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;

3.9 (8) executive director of the State Board of Investment;

3.10 (9) deputy of any official listed in clauses (7) and (8);

3.11 (10) judge of the Workers' Compensation Court of Appeals;

3.12 (11) administrative law judge or compensation judge in the State Office of
 3.13 Administrative Hearings or referee in the Department of Employment and Economic
 3.14 Development;

3.15 (12) member, regional administrator, division director, general counsel, or operations
 3.16 manager of the Metropolitan Council;

3.17 (13) member or chief administrator of a metropolitan agency;

3.18 (14) director of the Division of Alcohol and Gambling Enforcement in the
 3.19 Department of Public Safety;

3.20 (15) member or executive director of the Higher Education Facilities Authority;

3.21 (16) member of the board of directors or president of Minnesota Technology, Inc.;

3.22 (17) member of the board of directors or executive director of the Minnesota State
 3.23 High School League;

3.24 (18) member of the Minnesota Ballpark Authority established in section 473.755; ~~or~~

3.25 (19) citizen member of the Legislative-Citizen Commission on Minnesota
 3.26 Resources; or

3.27 (20) member of the Heritage Enhancement Council.

3.28 **EFFECTIVE DATE.** This section is effective November 15, 2008, if the
 3.29 constitutional amendment proposed in article 2, section 1, is adopted by the voters.

3.30 **Sec. 2. [16A.277] LEGISLATIVE INTENT; APPROPRIATIONS.**

3.31 **Subdivision 1. Legislative intent.** It is the intent of the legislature, upon the
 3.32 approval of the Minnesota Constitution, article XI, section 15, that an equal amount of
 3.33 revenue be appropriated annually for 25 years and dedicated for arts and cultural resources
 3.34 and related purposes according to subdivision 2.

4.1 Subd. 2. Appropriations. Under the legislative intent expressed in subdivision 1,
 4.2 \$100,000,000 is annually appropriated for the following purposes until 2034:

4.3 (a) \$25,000,000 each year for activities under the Minnesota State Arts Board;

4.4 (b) \$20,000,000 each year for metropolitan regional park needs under section
 4.5 473.351;

4.6 (c) \$20,000,000 each year for nonmetropolitan regional park and trail needs;

4.7 (d) \$12,000,000 each year for programs under the Minnesota Historical Society;

4.8 (e) \$12,000,000 each year for public broadcasting needs;

4.9 (f) \$5,000,000 each year for the Minnesota Zoological Garden, the Como Park
 4.10 Zoo, and the Duluth Zoo;

4.11 (g) \$2,000,000 each year for programs of the Science Museum of Minnesota;

4.12 (h) \$2,000,000 each year for programs of the Minnesota Humanities Commission;

4.13 and

4.14 (i) \$2,000,000 each year for the Minnesota and Duluth Children's Museums.

4.15 Subd. 3. Expiration. This section expires June 30, 2034.

4.16 EFFECTIVE DATE. This section is effective July 1, 2009, if the constitutional
 4.17 amendment proposed in article 2, section 1, is adopted by the voters.

4.18 Sec. 3. Minnesota Statutes 2006, section 16A.531, subdivision 1a, is amended to read:

4.19 Subd. 1a. **Revenues.** The following revenues must be deposited in the
 4.20 environmental fund:

4.21 (1) all revenue from the motor vehicle transfer fee imposed under section 115A.908;

4.22 (2) all fees collected under section 116.07, subdivision 4d;

4.23 (3) all money collected by the Pollution Control Agency in enforcement matters
 4.24 as provided in section 115.073;

4.25 (4) all revenues from license fees for individual sewage treatment systems under
 4.26 section 115.56;

4.27 (5) all loan repayments deposited under section 115A.0716;

4.28 (6) all revenue from pollution prevention fees imposed under section 115D.12;

4.29 (7) all loan repayments deposited under section 116.994;

4.30 (8) all fees collected under section 116C.834;

4.31 (9) revenue collected from the solid waste management tax pursuant to chapter 297H;

4.32 (10) fees collected under section 473.844; ~~and~~

4.33 (11) interest accrued on the fund; and

4.34 (12) money dedicated in the Minnesota Constitution, article XI, section 15.

5.1 **EFFECTIVE DATE.** This section is effective July 1, 2009, if the constitutional
 5.2 amendment proposed in article 2, section 1, is adopted by the voters.

5.3 Sec. 4. Minnesota Statutes 2006, section 16A.531, subdivision 2, is amended to read:

5.4 Subd. 2. **Natural resources fund.** There is created in the state treasury a natural
 5.5 resources fund as a special revenue fund for deposit of certain receipts from fees and
 5.6 services associated with natural resource management by the state and the money
 5.7 dedicated in the Minnesota Constitution, article XI, section 15.

5.8 **EFFECTIVE DATE.** This section is effective July 1, 2009, if the constitutional
 5.9 amendment proposed in article 2, section 1, is adopted by the voters.

5.10 Sec. 5. **[85.0195] STATE PARKS AND TRAILS CONSTITUTIONAL ACCOUNT**
 5.11 **EXPENDITURES.**

5.12 Subdivision 1. **Account.** A state parks and trails constitutional account is established
 5.13 in the natural resources fund and all money deposited in the natural resources fund
 5.14 under the Minnesota Constitution, article XI, section 15, and interest earned thereon, is
 5.15 credited to the account.

5.16 Subd. 2. **Expenditures.** Money in the state parks and trails constitutional account
 5.17 may be spent only on state parks and trails acquisition, operation, and maintenance.
 5.18 Subject to appropriation by law, receipts to the account must be allocated in separate
 5.19 accounts as follows:

- 5.20 (1) 33 percent of the receipts may be spent only for state park and trail acquisition;
 5.21 (2) 33 percent of the receipts may be spent only for state park and trail operation; and
 5.22 (3) 34 percent of the receipts may be spent only for state park and trail maintenance.

5.23 **EFFECTIVE DATE.** This section is effective July 1, 2009, if the constitutional
 5.24 amendment proposed in article 2, section 1, is adopted by the voters.

5.25 Sec. 6. **[97A.056] HERITAGE ENHANCEMENT FUND; HERITAGE**
 5.26 **ENHANCEMENT COUNCIL.**

5.27 Subdivision 1. **Heritage enhancement fund.** The heritage enhancement fund is
 5.28 established in the Minnesota Constitution, article XI, section 15. All money earned by the
 5.29 heritage enhancement fund must be credited to the fund. At least 97 percent of the money
 5.30 appropriated from the fund must be spent on specific fish, game, and wildlife habitat.

5.31 Subd. 2. **Heritage Enhancement Council.** (a) A Heritage Enhancement Council
 5.32 of 12 members is created consisting of:

6.1 (1) two members of the senate appointed by the senate Subcommittee on Committees
6.2 of the Committee on Rules and Administration;

6.3 (2) two members of the house of representatives appointed by the speaker of the
6.4 house;

6.5 (3) two public members representing hunting, fishing, and wildlife interests
6.6 appointed by the senate Subcommittee on Committees of the Committee on Rules and
6.7 Administration;

6.8 (4) two public members representing hunting, fishing, and wildlife interests
6.9 appointed by the speaker of the house;

6.10 (5) three public members representing hunting, fishing, and wildlife interests
6.11 appointed by the governor; and

6.12 (6) the chair of the Budgetary Oversight Committee created in section 97A.055,
6.13 subdivision 4b, paragraph (c).

6.14 (b) One member from the senate and one member from the house of representatives
6.15 must be from the minority caucus. Legislative members are entitled to reimbursement
6.16 for per diem expenses plus travel expenses incurred in the services of the council. The
6.17 removal and, beginning July 1, 2009, the compensation of public members are as provided
6.18 in section 15.0575.

6.19 (c) Members shall elect a chair, vice chair, secretary, and other officers as determined
6.20 by the council. The chair may convene meetings as necessary to conduct the duties
6.21 prescribed by this section.

6.22 (d) Membership terms are two years, except that members shall serve on the council
6.23 until their successors are appointed.

6.24 (e) Vacancies occurring on the council do not affect the authority of the remaining
6.25 members of the council to carry out their duties. Vacancies shall be filled in the same
6.26 manner as under paragraph (a).

6.27 Subd. 3. **Duties of council.** (a) The council, in consultation with statewide and local
6.28 fishing, forestry, hunting, and wildlife groups, shall develop a biennial budget plan for
6.29 expenditures from the heritage enhancement fund. The biennial budget plan may include
6.30 grants to statewide and local fishing, forestry, hunting, and wildlife groups to improve,
6.31 enhance, or protect fish and wildlife resources.

6.32 (b) In the biennial budget submitted to the legislature, the governor shall submit
6.33 separate budget detail for planned expenditures from the heritage enhancement fund
6.34 as recommended by the council.

6.35 (c) As a condition of acceptance of an appropriation from the heritage enhancement
6.36 fund, an agency or entity receiving an appropriation shall submit a work program and

7.1 quarterly progress reports for appropriations from the heritage enhancement fund to the
 7.2 members of the Heritage Enhancement Council in the form determined by the council.

7.3 Subd. 4. **Council administration.** (a) The council may employ personnel and
 7.4 contract with consultants as necessary to carry out functions and duties of the council.
 7.5 Permanent employees shall be in the unclassified service. The council may request staff
 7.6 assistance, legal opinion, and data from agencies of state government as needed for the
 7.7 execution of the responsibilities of the council.

7.8 (b) Beginning July 1, 2009, the administrative expenses of the council shall be
 7.9 paid from the heritage enhancement fund.

7.10 (c) A council member or an employee of the council may not participate in or vote
 7.11 on a decision of the council relating to an organization in which the member or employee
 7.12 has either a direct or indirect personal financial interest. While serving on or employed by
 7.13 the council, a person shall avoid any potential conflict of interest.

7.14 Subd. 5. **Council meetings.** Meetings of the council and other groups the council
 7.15 may establish must be conducted according to chapter 13D. Except where prohibited by
 7.16 law, the council shall establish additional processes to broaden public involvement in all
 7.17 aspects of its deliberations.

7.18 Subd. 6. **Council expiration.** Subdivisions 2 to 5 expire June 30, 2011, unless
 7.19 extended by law.

7.20 **EFFECTIVE DATE.** This section is effective November 15, 2008, if the
 7.21 constitutional amendment proposed in article 2, section 1, is adopted by the voters.

7.22 Sec. 7. Minnesota Statutes 2006, section 114D.45, subdivision 2, is amended to read:

7.23 Subd. 2. **Sources of revenue.** The following revenues must be ~~deposited in~~ credited
 7.24 to the clean water legacy account:

7.25 (1) money deposited in the environmental fund under the Minnesota Constitution,
 7.26 article XI, section 15;

7.27 (1) (2) money transferred to the account; and

7.28 (2) (3) interest accrued on the account.

7.29 **EFFECTIVE DATE.** This section is effective July 1, 2009, if the constitutional
 7.30 amendment proposed in article 2, section 1, is adopted by the voters.

7.31 Sec. 8. Minnesota Statutes 2006, section 114D.45, subdivision 3, is amended to read:

8.1 Subd. 3. **Purposes.** Except as provided under section 114D.46 and subject to
 8.2 appropriation by the legislature, the clean water legacy account may be spent for the
 8.3 following purposes:

8.4 (1) to provide grants, loans, and technical assistance to public agencies and others
 8.5 who are participating in the process of identifying impaired waters, developing TMDL's,
 8.6 implementing restoration plans for impaired waters, and monitoring the effectiveness
 8.7 of restoration;

8.8 (2) to support measures to prevent waters from becoming impaired and to improve
 8.9 the quality of waters that are listed as impaired but do not have an approved TMDL
 8.10 addressing the impairment;

8.11 (3) to provide grants and loans for wastewater and storm water treatment projects
 8.12 through the Public Facilities Authority;

8.13 (4) to support the efforts of public agencies associated with individual sewage
 8.14 treatment systems and financial assistance for upgrading and replacing the systems; and

8.15 (5) to provide funds to state agencies to carry out their responsibilities under this
 8.16 chapter.

8.17 **EFFECTIVE DATE.** This section is effective July 1, 2009, if the constitutional
 8.18 amendment proposed in article 2, section 1, is adopted by the voters.

8.19 Sec. 9. **[114D.46] CLEAN WATER LEGACY; CONSTITUTIONAL**
 8.20 **EXPENDITURES.**

8.21 Subdivision 1. **Account earnings.** All money deposited in and earned by the
 8.22 environmental fund under the Minnesota Constitution, article XI, section 15, must be
 8.23 credited to the clean water legacy account under section 114D.45.

8.24 Subd. 2. **Expenditures.** Subject to appropriation, money credited to the clean water
 8.25 legacy account under this section may be spent only on:

8.26 (1) monitoring, investigations, and analysis of the quality of Minnesota's water
 8.27 resources;

8.28 (2) state and local activities to protect, preserve, and improve the quality of
 8.29 Minnesota's water resources; and

8.30 (3) assistance to individuals and organizations for water quality improvement
 8.31 projects.

8.32 **EFFECTIVE DATE.** This section is effective July 1, 2009, if the constitutional
 8.33 amendment proposed in article 2, section 1, is adopted by the voters.

9.1 Sec. 10. Minnesota Statutes 2006, section 297A.62, subdivision 1, is amended to read:

9.2 Subdivision 1. **Generally.** (a) Except as otherwise provided in subdivision 2 or 3
 9.3 or in this chapter, a sales tax of 6.5 percent is imposed on the gross receipts from retail
 9.4 sales as defined in section 297A.61, subdivision 4, made in this state or to a destination
 9.5 in this state by a person who is required to have or voluntarily obtains a permit under
 9.6 section 297A.83, subdivision 1.

9.7 (b) The increased rate required under the Minnesota Constitution, article XI, section
 9.8 15, shall be added to the rate imposed under paragraph (a).

9.9 **EFFECTIVE DATE.** This section is effective July 1, 2009, if the constitutional
 9.10 amendment proposed in article 2, section 1, is adopted by the voters.

9.11 Sec. 11. Minnesota Statutes 2006, section 297A.94, is amended to read:

9.12 **297A.94 DEPOSIT OF REVENUES.**

9.13 (a) Except as provided in this section and the Minnesota Constitution, article XI,
 9.14 section 15, the commissioner shall deposit the revenues, including interest and penalties,
 9.15 derived from the taxes imposed by this chapter in the state treasury and credit them to the
 9.16 general fund.

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

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

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

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

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

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

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

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

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

10.10 (1) 50 percent of the receipts must be deposited in the heritage enhancement account
10.11 in the game and fish fund, and may be spent only on activities that improve, enhance, or
10.12 protect fish and wildlife resources, including conservation, restoration, and enhancement
10.13 of land, water, and other natural resources of the state;

10.14 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and
10.15 may be spent only for state parks and trails;

10.16 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and
10.17 may be spent only on metropolitan park and trail grants;

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

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

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

10.32 **EFFECTIVE DATE.** This section is effective July 1, 2009, if the constitutional
10.33 amendment proposed in article 2, section 1, is adopted by the voters.

10.34 Sec. 12. Minnesota Statutes 2006, section 297B.02, subdivision 1, is amended to read:

11.1 Subdivision 1. **Rate.** There is imposed an excise tax at the rate provided in ~~chapter~~
11.2 ~~297A~~ section 297A.62, subdivision 1, paragraph (a), on the purchase price of any motor
11.3 vehicle purchased or acquired, either in or outside of the state of Minnesota, which is
11.4 required to be registered under the laws of this state.

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

11.8 **EFFECTIVE DATE.** This section is effective July 1, 2009, if the constitutional
11.9 amendment proposed in article 2, section 1, is adopted by the voters.