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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE NO. **734**

February 8, 2007

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The bill was read for the first time and referred to the Committee on Finance

1.1 A bill for an act
1.2 relating to transportation finance; creating transit fund and accounts; changing
1.3 the deposit of revenues from the sales tax on motor vehicle leases; amending
1.4 Minnesota Statutes 2006, sections 16A.88; 174.24, subdivision 1; 297A.815, by
1.5 adding subdivisions; 297A.94.

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

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

1.8 **16A.88 TRANSIT FUNDS FUND.**

1.9 Subdivision 1. **Transit fund.** A transit fund is established within the state treasury.
1.10 The fund receives money distributed under section 297A.815, and other money as
1.11 specified by law. Money in the fund must be allocated to the greater Minnesota transit
1.12 account under subdivision 1a and the metropolitan area transit account under subdivision
1.13 2, and must be used for public transit assistance purposes.

1.14 Subd. 1a. **Greater Minnesota transit fund account.** The greater Minnesota transit
1.15 fund account is established within the state treasury transit fund. Money in the fund
1.16 account is annually appropriated to the commissioner of transportation for assistance to
1.17 public transit systems outside the metropolitan area under section 174.24. Beginning in
1.18 fiscal year 2003, The commissioner may use up to \$400,000 each year for administration
1.19 of the transit program. The commissioner shall use the fund account for transit operations
1.20 as provided in section 174.24 and related program administration.

1.21 Subd. 2. **Metropolitan area transit fund account.** The metropolitan area transit
1.22 fund account is established within the state treasury transit fund. All money in the fund
1.23 account is annually appropriated to the Metropolitan Council for the funding of public

2.1 transit systems within the metropolitan area under sections 473.384, 473.387, 473.388,
 2.2 and 473.405 to 473.449.

2.3 ~~Subd. 3. **Metropolitan area transit appropriation account.** The metropolitan
 2.4 area transit appropriation account is established within the general fund. Money in the
 2.5 account is to be used for the funding of transit systems in the metropolitan area, subject to
 2.6 legislative appropriation.~~

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

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

2.12 Sec. 3. Minnesota Statutes 2006, section 297A.815, is amended by adding a
 2.13 subdivision to read:

2.14 Subd. 3. **Deposit of revenues.** (a) Notwithstanding any law to the contrary, money
 2.15 collected and received under this section must be deposited as follows:

2.16 (b) From July 1, 2007, through June 30, 2008, 38.25 percent must be deposited in
 2.17 the highway user tax distribution fund, and 25.5 percent must be deposited in the transit
 2.18 fund and allocated 22.25 percent to the metropolitan area transit account and 3.25 percent
 2.19 to the greater Minnesota transit account. The remaining money must be deposited in the
 2.20 general fund.

2.21 (c) From July 1, 2008, through June 30, 2009, 44.25 percent must be deposited in
 2.22 the highway user tax distribution fund, and 29.5 percent must be deposited in the transit
 2.23 fund and allocated 25.75 percent to the metropolitan area transit account and 3.75 percent
 2.24 to the greater Minnesota transit account. The remaining money must be deposited in the
 2.25 general fund.

2.26 (d) From July 1, 2009, through June 30, 2010, 50.25 percent must be deposited in
 2.27 the highway user tax distribution fund, and 33.5 percent must be deposited in the transit
 2.28 fund and allocated 29.25 percent to the metropolitan area transit account and 4.25 percent
 2.29 to the greater Minnesota transit account. The remaining money must be deposited in the
 2.30 general fund.

2.31 (e) From July 1, 2010, through June 30, 2011, 56.25 percent must be deposited in
 2.32 the highway user tax distribution fund, and 37.5 percent must be deposited in the transit
 2.33 fund and allocated 32.75 percent to the metropolitan area transit account and 4.75 percent

3.1 to the greater Minnesota transit account. The remaining money must be deposited in the
3.2 general fund.

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

3.7 Sec. 4. Minnesota Statutes 2006, section 297A.815, is amended by adding a
3.8 subdivision to read:

3.9 Subd. 4. **Reporting of tax proceeds.** A lessor shall report taxes collected under
3.10 this section separately from any other taxes collected and remitted under this chapter or
3.11 chapter 297B.

3.12 Sec. 5. Minnesota Statutes 2006, section 297A.94, is amended to read:

3.13 **297A.94 DEPOSIT OF REVENUES.**

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

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

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

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

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

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

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

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

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

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

4.10 (1) 50 percent of the receipts must be deposited in the heritage enhancement account
4.11 in the game and fish fund, and may be spent only on activities that improve, enhance, or
4.12 protect fish and wildlife resources, including conservation, restoration, and enhancement
4.13 of land, water, and other natural resources of the state;

4.14 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and
4.15 may be spent only for state parks and trails;

4.16 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and
4.17 may be spent only on metropolitan park and trail grants;

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

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

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

4.32 (g) The revenues, including interest and penalties, collected under section 297A.815
4.33 must be deposited in the same manner and in the same proportions as provided for
4.34 revenues collected under chapter 297B.

4.35 Sec. 6. **EFFECTIVE DATE.**

- 5.1 Sections 1 and 2 are effective July 1, 2007. Sections 3 to 5 are effective beginning
- 5.2 with revenues collected and remitted beginning July 1, 2007.