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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE NO. **1463**

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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; requiring referendum to impose a 0.50 percent  
1.3 metropolitan area sales tax for transportation and transit in the metropolitan  
1.4 area; authorizing imposition of county sales taxes for transportation purposes;  
1.5 appropriating money; amending Minnesota Statutes 2006, sections 161.04, by  
1.6 adding a subdivision; 297A.94; proposing coding for new law in Minnesota  
1.7 Statutes, chapter 297A.

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

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

1.11 Subd. 5. Highway spending in metropolitan transportation district. In any year  
1.12 during which taxes authorized in section 297A.992, subdivision 3, are imposed, and  
1.13 exclusive of the expenditure of these revenues, the percentage of total trunk highway fund  
1.14 expenditures attributable to projects in the metropolitan transportation area, within the  
1.15 meaning of section 297A.992, subdivision 1, may not vary more than two percentage  
1.16 points from the average of the previous five years of trunk highway fund metropolitan  
1.17 transportation area expenditures.

1.18 Sec. 2. Minnesota Statutes 2006, section 297A.94, is amended to read:

1.19 **297A.94 DEPOSIT OF REVENUES.**

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

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

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

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

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

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

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

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

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

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

2.26 (1) 50 percent of the receipts must be deposited in the heritage enhancement account  
2.27 in the game and fish fund, and may be spent only on activities that improve, enhance, or  
2.28 protect fish and wildlife resources, including conservation, restoration, and enhancement  
2.29 of land, water, and other natural resources of the state;

2.30 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and  
2.31 may be spent only for state parks and trails;

2.32 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and  
2.33 may be spent only on metropolitan park and trail grants;

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

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

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

3.13 (g) The revenues, including interest and penalties, collected under section 297A.992  
 3.14 must be deposited by the commissioner as provided for in that section.

3.15 **Sec. 3. [297A.992] LOCAL TRANSPORTATION SALES AND EXCISE TAX.**

3.16 Subdivision 1. **Definition.** For purposes of this section "metropolitan transportation  
 3.17 area" means the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and  
 3.18 Washington.

3.19 Subd. 2. **Election.** The secretary of state, in cooperation with the county auditors of  
 3.20 the metropolitan transportation area, shall conduct a special election in the metropolitan  
 3.21 transportation area at the time of the general election the Tuesday after the first Monday in  
 3.22 November 2008. The following question shall appear on the ballot:

3.23 "Shall an additional tax of one-half of one percent be temporarily imposed on  
 3.24 sales in the metropolitan area to pay for transportation and transit improvements in the  
 3.25 metropolitan area?"

3.26 Subd. 3. **Metropolitan transportation area sales tax.** (a) Notwithstanding sections  
 3.27 297A.99, subdivisions 1, 2, 3, 5, and 13; 477A.016; or any other law, the joint powers  
 3.28 board described in this subdivision may levy a metropolitan transportation area sales  
 3.29 tax of up to one-half of one percent on retail sales and uses taxable under chapter 297A  
 3.30 occurring within the metropolitan transportation area, if approved by a majority of the  
 3.31 voters in the metropolitan transportation area who vote on the question to impose the tax  
 3.32 at a special election held in the metropolitan transportation area at the time of the general  
 3.33 election described in subdivision 2.

3.34 (b) A metropolitan transportation area fund is created in the state treasury. After the  
 3.35 deductions allowed in section 297A.99, subdivision 11, the commissioner of revenue shall

4.1 deposit all revenue from taxes imposed under this section in the fund. Money in the fund  
 4.2 is appropriated to the commissioner of finance. The commissioner of finance shall allocate  
 4.3 money in the fund as directed by resolution of the joint powers board under paragraph (d).

4.4 (c) Before imposing the tax under paragraph (a), counties and cities in the  
 4.5 metropolitan transportation area shall enter into a joint powers agreement to create the  
 4.6 joint powers board to exercise the powers provided in this section. The joint powers  
 4.7 board must consist of one representative of each county in the metropolitan transportation  
 4.8 area appointed by each county board, and one city representative from each county  
 4.9 in the metropolitan transportation area appointed by the Association of Metropolitan  
 4.10 Municipalities. The joint powers board has the powers and duties provided in this section  
 4.11 and in section 471.59, except that the joint powers board may not issue bonds.

4.12 (d) By May 1 of each year, the joint powers board shall, by resolution, direct the  
 4.13 commissioner of finance to allocate revenue in the metropolitan transportation area fund  
 4.14 for the next fiscal year. The resolution must direct the commissioner to allocate funds to  
 4.15 the following recipients for the following purposes:

4.16 (1) to the joint powers board as reimbursement of its expenses in carrying out the  
 4.17 provisions of this section;

4.18 (2) to the commissioner of transportation for metropolitan transportation area  
 4.19 highway projects included in the commissioner's current ten-year highway work plan;

4.20 (3) to the Metropolitan Council for implementation of the public transit components  
 4.21 of the council's 2030 transportation policy plan, and for other public transit operations and  
 4.22 capital improvements provided or assisted by the council in counties in the metropolitan  
 4.23 transportation area;

4.24 (4) to counties or cities in the metropolitan transportation area for construction,  
 4.25 maintenance, and improvement of local roads; and

4.26 (5) to counties or cities in the metropolitan transportation area for operation of and  
 4.27 capital assistance to public transit systems that the county, or one or more cities in the  
 4.28 county, owns, operates, or contracts for.

4.29 **Subd. 4. Tax in counties outside metropolitan transportation area.**

4.30 Notwithstanding sections 297A.99, subdivisions 1, 2, 3, 5, and 13; 477A.016; or any other  
 4.31 law, the boards of two or more counties outside the metropolitan transportation area acting  
 4.32 under a joint powers agreement may impose a transportation sales tax at a rate of one-half  
 4.33 of one percent on retail sales and uses taxable under chapter 297A occurring within the  
 4.34 jurisdiction of the taxing authority subject to approval by the voters of the county or  
 4.35 counties at a general election. The proceeds of the tax must be dedicated exclusively to  
 4.36 regional transportation projects.

5.1            Subd. 5. **Administration, collection, enforcement.** The administration, collection,  
5.2 and enforcement provisions in section 297A.99, subdivisions 4 and 6 to 12, apply to all  
5.3 taxes imposed under this section.

5.4            Subd. 6. **Report.** In each year during the period of imposition of the taxes  
5.5 authorized in subdivision 3, the joint powers board shall report by February 1 to the house  
5.6 of representatives and senate committees having jurisdiction over transportation policy  
5.7 and finance concerning the revenues received from the metropolitan transportation area  
5.8 sales tax and the allocations and expenditures of that money.

5.9            **Sec. 4. APPROPRIATION.**

5.10           \$..... is appropriated from the general fund to the secretary of state for the costs of  
5.11 the special election described in section 3.

5.12           **Sec. 5. EFFECTIVE DATE.**

5.13           Sections 1, 2, and 3 are effective upon approval of the sales tax by the metropolitan  
5.14 transportation area voters in the 2008 election, and, if approved, the taxes authorized in  
5.15 section 3, subdivision 3, are effective as to sales made on and after January 1, 2009.  
5.16 This act expires January 1, 2029.