

This Document can be made available in alternative formats upon request

State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE No. **1920**

March 12, 2007

Authored by Hornstein, Erhardt, Lieder, Nelson, Hortman and others  
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; authorizing counties to form joint powers boards to  
1.3 impose a 0.50 percent local sales tax for transportation and transit purposes;  
1.4 requiring joint powers boards to establish grant process and award grants for  
1.5 transportation and transit projects; proposing coding for new law in Minnesota  
1.6 Statutes, chapter 297A.

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

1.8 Section 1. **[297A.992] LOCAL TRANSPORTATION SALES AND EXCISE TAX.**

1.9 **Subdivision 1. Imposition of tax.** Notwithstanding sections 297A.99, subdivisions  
1.10 1, 2, 3, 5, and 13; 477A.016; or any other law, the boards of three or more contiguous  
1.11 counties acting under a joint powers agreement, may impose a transportation sales tax at a  
1.12 rate of one-half of one percent on retail sales and uses taxable under chapter 297A, and  
1.13 may impose an excise tax on the sale of new motor vehicles, at the rate of \$20 per vehicle,  
1.14 occurring within the jurisdiction of the taxing authority.

1.15 **Subd. 2. Joint powers agreement.** Before imposing the tax under subdivision 1, a  
1.16 minimum of three contiguous counties shall enter into a joint powers agreement to create a  
1.17 joint powers board to exercise the powers provided in this section.

1.18 **Subd. 3. Joint powers board.** A joint powers agreement must provide a process and  
1.19 timeline to allow a county that is contiguous to the joint powers counties, by resolution  
1.20 of its county board, to impose the tax in subdivision 1 within its jurisdiction and to  
1.21 join an operating joint powers board. The agreement may provide for withdrawal of  
1.22 participating counties before final termination of the agreement, and it may provide for a  
1.23 weighted-voting system for joint powers board decisions. The joint powers board must  
1.24 consist of one representative of each county appointed by each county board. The joint  
1.25 powers board has the powers and duties provided in this section and in section 471.59.

2.1 The joint powers board shall maximize the availability and use of federal funds in projects  
2.2 funded under this section.

2.3 Subd. 4. **Use of local sales tax revenue.** (a) After the deductions allowed in section  
2.4 297A.99, subdivision 11, the commissioner of revenue shall remit the proceeds of the  
2.5 taxes imposed under this section to the joint powers board.

2.6 (b) The joint powers board shall, by resolution, establish a grant application and  
2.7 award process, which defines objective criteria for the award of grants and awards grants  
2.8 only to public entities. Grants must be funded by the proceeds of the sales tax, or bonds or  
2.9 other obligations issued by the joint powers board. Grant awards must be made annually  
2.10 by July 1 and funded in the next calendar year.

2.11 (c) Grant applications must be submitted on forms prescribed by the joint powers  
2.12 board. An applicant must provide the following information, in addition to all other  
2.13 information required by the joint powers board:

2.14 (1) the estimated cost of the project and the amount of the grant sought;

2.15 (2) possible sources of funding in addition to the grant sought; and

2.16 (3) an identification of any federal funds that will be utilized if the grant is awarded.

2.17 (d) Eligible projects include:

2.18 (1) construction or reconstruction of trunk highways, or local roads of regional  
2.19 significance;

2.20 (2) transit way capital improvements; and

2.21 (3) feasibility studies, planning, alternatives analyses, environmental studies,  
2.22 engineering, and construction of transit ways.

2.23 (e) A joint powers board may not utilize proceeds of the sales tax, or proceeds of  
2.24 bonds or other obligations issued to reimburse its ordinary administrative expenses in  
2.25 carrying out the provisions of this section.

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