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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **2219**

March 19, 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; increasing gasoline and special fuel tax rates; providing
1.3 for phase-in of motor vehicle sales tax revenues to transportation; amending
1.4 Minnesota Statutes 2006, sections 296A.07, subdivision 3; 296A.08, subdivision
1.5 2; 297B.09, subdivision 1.

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

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

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

- 1.10 (1) E85 is taxed at the rate of ~~14.2~~ 17.8 cents per gallon;
- 1.11 (2) M85 is taxed at the rate of ~~11.4~~ 14.3 cents per gallon; and
- 1.12 (3) all other gasoline is taxed at the rate of ~~20~~ 25 cents per gallon.

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

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

- 1.15 (a) Liquefied petroleum gas or propane is taxed at the rate of ~~15~~ 18.8 cents per gallon.
- 1.16 (b) Liquefied natural gas is taxed at the rate of ~~12~~ 15 cents per gallon.
- 1.17 (c) Compressed natural gas is taxed at the rate of ~~\$1.739~~ \$2.174 per thousand cubic
1.18 feet; or ~~20~~ 25 cents per gasoline equivalent, as defined by the National Conference on
1.19 Weights and Measures, which is 5.66 pounds of natural gas.
- 1.20 (d) All other special fuel is taxed at the same rate as the gasoline excise tax as
1.21 specified in section 296A.07, subdivision 2. The tax is payable in the form and manner
1.22 prescribed by the commissioner.

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

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

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

2.8 ~~(c) From July 1, 2003, to June 30, 2007, 30 percent of the money collected and~~
2.9 ~~received must be deposited in the highway user tax distribution fund, 21.5 percent must be~~
2.10 ~~deposited in the metropolitan area transit fund under section 16A.88, 1.43 percent must be~~
2.11 ~~deposited in the greater Minnesota transit fund under section 16A.88, 0.65 percent must~~
2.12 ~~be deposited in the county state-aid highway fund, and 0.17 percent must be deposited~~
2.13 ~~in the municipal state-aid street fund. The remaining money must be deposited in the~~
2.14 ~~general fund.~~

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

2.20 (b) From July 1, 2007, through June 30, 2008, 38.25 percent must be deposited in
2.21 the highway user tax distribution fund, and 25.5 percent must be deposited in a fund
2.22 dedicated solely to public transit assistance. The remaining money must be deposited
2.23 in the general fund.

2.24 (c) From July 1, 2008, through June 30, 2009, 44.25 percent must be deposited in
2.25 the highway user tax distribution fund, and 29.5 percent must be deposited in a fund
2.26 dedicated solely to public transit assistance. The remaining money must be deposited
2.27 in the general fund.

2.28 (d) From July 1, 2009, through June 30, 2010, 50.25 percent must be deposited in
2.29 the highway user tax distribution fund, and 33.5 percent must be deposited in a fund
2.30 dedicated solely to public transit assistance. The remaining money must be deposited
2.31 in the general fund.

2.32 (e) From July 1, 2010, through June 30, 2011, 56.25 percent must be deposited in
2.33 the highway user tax distribution fund, and 37.5 percent must be deposited in a fund
2.34 dedicated solely to public transit assistance. The remaining money must be deposited
2.35 in the general fund.

3.1 (f) On and after July 1, 2011, 60 percent must be deposited in the highway user
3.2 tax distribution fund, and 40 percent must be deposited in a fund dedicated solely to
3.3 public transit assistance.

3.4 **Sec. 4. EFFECTIVE DATE.**

3.5 Sections 1 and 2 are effective July 1, 2007, and apply to all gasoline, undyed diesel
3.6 fuel, and special fuel in distributor storage on July 1, 2007. Section 3 is effective July
3.7 1, 2007.