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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-SIXTH
SESSION**

HOUSE FILE No. 1985

March 23, 2009

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The bill was read for the first time and referred to the Transportation and Transit Policy and Oversight Division

1.1 A bill for an act
1.2 proposing an amendment to the Minnesota Constitution, article XIV, section
1.3 8; allowing municipal state-aid street fund to be distributed to cities with a
1.4 population under 5,000; making conforming changes; amending Minnesota
1.5 Statutes 2008, sections 160.02, subdivision 21; 162.13; 162.14, subdivision 1.

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

1.7 Section 1. **CONSTITUTIONAL AMENDMENT PROPOSED.**

1.8 An amendment to the Minnesota Constitution is proposed to the people. If the
1.9 amendment is adopted, article XIV, section 8, will read:

1.10 Sec. 8. There is hereby created a municipal state-aid street fund to be apportioned as
1.11 provided by law among the municipalities ~~having a population of 5,000 or more~~. The fund
1.12 shall be used by municipalities as provided by law for the construction, improvement and
1.13 maintenance of municipal state-aid streets. The legislature may authorize municipalities
1.14 to use a part of the fund in the construction, improvement and maintenance of other
1.15 municipal streets, trunk highways, and county state-aid highways within the counties in
1.16 which the municipality is located.

1.17 Sec. 2. **SUBMISSION TO VOTERS.**

1.18 The proposed amendment must be submitted to the people at the 2010 general
1.19 election. The question submitted must be:

2.1 "Shall the Minnesota Constitution be amended to allow cities with a population
 2.2 under 5,000 to receive a share of municipal state-aid funds for construction, improvement,
 2.3 and maintenance of city streets?

2.4 Yes
 2.5 No"

2.6 Sec. 3. Minnesota Statutes 2008, section 160.02, subdivision 21, is amended to read:

2.7 Subd. 21. **Municipal state-aid streets.** "Municipal state-aid streets" includes
 2.8 all streets within ~~the cities having a population of 5,000 or more,~~ and established in
 2.9 accordance with law as municipal state-aid streets.

2.10 **EFFECTIVE DATE.** This section is effective upon adoption of the constitutional
 2.11 amendment proposed in section 1, by the people at the 2010 general election.

2.12 Sec. 4. Minnesota Statutes 2008, section 162.13, is amended to read:

2.13 **162.13 FORMULA FOR APPORTIONMENT TO CITIES.**

2.14 Subdivision 1. **Factors in formula.** After deducting for administrative costs and
 2.15 for the disaster fund and research account as heretofore provided, and for any allocation
 2.16 made under section 162.125, the remainder of the total sum provided for in subdivision 1
 2.17 of section 162.12 shall be identified as the apportionment sum, and shall be apportioned
 2.18 by the commissioner to ~~the cities having a population of 5,000 or more,~~ in accordance
 2.19 with the following formula:

2.20 (1) An amount equal to 50 percent of such apportionment sum shall be apportioned
 2.21 among ~~the cities having a population of 5,000 or more~~ so that each such city shall receive
 2.22 of such amount the percentage that its money needs bears to the total money needs of
 2.23 all such cities.

2.24 (2) An amount equal to 50 percent of such apportionment sum shall be apportioned
 2.25 among ~~the cities having a population of 5,000 or more~~ so that each such city shall receive
 2.26 of such amount the percentage that its population bears to the total population of all such
 2.27 cities.

2.28 Subd. 2. **Money needs defined.** For the purpose of this section money needs of each
 2.29 city ~~having a population of 5,000 or more~~ are defined as the estimated cost of constructing
 2.30 and maintaining over a period of 25 years the municipal state-aid street system in such
 2.31 city. Right-of-way costs and drainage shall be included in money needs. Lighting costs
 2.32 and other costs incidental to construction and maintenance, or a specified portion of such
 2.33 costs, as set forth in the commissioner's rules, may be included in determining money

3.1 needs. When a county locates a county state-aid highway over a portion of a street in any
 3.2 such city and the remaining portion is designated as a municipal state-aid street only the
 3.3 construction and maintenance costs of the portion of the street other than the portions taken
 3.4 over by the county shall be included in the money needs of the city. To avoid variances
 3.5 in costs due to differences in construction and maintenance policy, construction and
 3.6 maintenance costs shall be estimated on the basis of the engineering standards developed
 3.7 cooperatively by the commissioner and the engineers, or a committee thereof, of the cities.
 3.8 Any variance granted pursuant to section 162.09, subdivision 3a shall be reflected in the
 3.9 estimated construction and maintenance costs in determining money needs.

3.10 Subd. 3. **Screening board.** (a) On or before September 1 of each year, the engineer
 3.11 of each city ~~having a population of 5,000 or more~~ shall forward to the commissioner on
 3.12 forms prepared by the commissioner, all information relating to the money needs of the
 3.13 city that the commissioner deems necessary in order to apportion the municipal state-aid
 3.14 street fund in accordance with the apportionment formula heretofore set forth. Upon
 3.15 receipt of the information the commissioner shall appoint a board of city engineers. The
 3.16 board shall be composed of one engineer from each state highway construction district,
 3.17 and in addition thereto, one engineer from each city of the first class. The board shall
 3.18 investigate and review the information submitted by each city. On or before November
 3.19 1 of each year, the board shall submit its findings and recommendations in writing as to
 3.20 each city's money needs to the commissioner on a form prepared by the commissioner.
 3.21 Final determination of the money needs of each city shall be made by the commissioner.
 3.22 In the event that any city shall fail to submit the information provided for herein, the
 3.23 commissioner shall estimate the money needs of the city. The estimate shall be used in
 3.24 solving the apportionment formula. The commissioner may withhold payment of the
 3.25 amount apportioned to the city until the information is submitted.

3.26 (b) Notwithstanding section 15.059, subdivision 5, the board does not expire.

3.27 **EFFECTIVE DATE.** This section is effective upon adoption of the constitutional
 3.28 amendment proposed in section 1, by the people at the 2010 general election.

3.29 Sec. 5. Minnesota Statutes 2008, section 162.14, subdivision 1, is amended to read:

3.30 Subdivision 1. **Statement of apportionment to each city.** Upon determining
 3.31 the amount of money to be apportioned to each of the cities ~~having a population of~~
 3.32 ~~5,000 or more~~, the commissioner shall forthwith send a statement of the amount to the
 3.33 commissioner of finance and to the clerk and engineer of each such city. The amount so
 3.34 apportioned to each city shall be paid by the state to the fiscal officer of the city out of

4.1 the municipal state-aid street fund as hereinafter provided and in accordance with rules
4.2 promulgated by the commissioner, not inconsistent herewith.

4.3 **EFFECTIVE DATE.** This section is effective upon adoption of the constitutional
4.4 amendment proposed in section 1, by the people at the 2010 general election.