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State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. 1550

02/22/2017 Authored by Backer, Marquart, Poppe, Gruenhagen, Swedzinski and others
The bill was read for the first time and referred to the Committee on Transportation Finance

1.1 A bill for an act
1.2 relating to transportation; providing for funding of municipal roads; amending
1.3 allocation and distribution of certain funds; amending Minnesota Statutes 2016,
1.4 sections 16A.152, by adding a subdivision; 97A.055, subdivision 2; 162.145,
1.5 subdivision 3; 168.301, subdivision 3; 297A.815, subdivision 3; 297A.94; proposing
1.6 coding for new law in Minnesota Statutes, chapter 162.

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

1.8 Section 1. Minnesota Statutes 2016, section 16A.152, is amended by adding a subdivision
1.9 to read:

1.10 Subd. 2a. Additional revenues; interest earnings. (a) Annually in conjunction with
1.11 the November forecast, the commissioner must identify an amount that equals the lesser
1.12 of:

1.13 (1) the total interest and investment income accrued to the general fund in the immediately
1.14 preceding fiscal year; or

1.15 (2) the positive unrestricted general fund balance forecasted for the close of the current
1.16 fiscal year.

1.17 (b) The commissioner must annually transfer the amount identified in paragraph (a)
1.18 from the general fund as provided under section 162.085. Any transfers must be accounted
1.19 for prior to allocations under subdivision 2.

1.20 EFFECTIVE DATE. This section is effective July 1, 2017.

2.1 Sec. 2. Minnesota Statutes 2016, section 97A.055, subdivision 2, is amended to read:

2.2 Subd. 2. **Receipts.** The commissioner of management and budget shall credit to the
2.3 game and fish fund all money received under the game and fish laws and all income from
2.4 state lands acquired by purchase or gift for game or fish purposes, including receipts from:

2.5 (1) licenses and permits issued;

2.6 (2) fines and forfeited bail;

2.7 (3) sales of contraband, wild animals, and other property under the control of the division;

2.8 (4) fees from advanced education courses for hunters and trappers;

2.9 (5) reimbursements of expenditures by the division;

2.10 (6) contributions to the division; and

2.11 (7) revenue credited to the game and fish fund under section 297A.94, paragraph ~~(e)~~ (f),
2.12 clause (1).

2.13 **EFFECTIVE DATE.** This section is effective July 1, 2017.

2.14 Sec. 3. **[162.085] DISTRIBUTION OF CERTAIN MUNICIPAL ROAD FUNDING.**

2.15 (a) Of any funds provided for this section by law, the commissioner of transportation
2.16 or public safety, or another commissioner as appropriate, must allocate and deposit the funds
2.17 as provided under paragraph (b).

2.18 (b) From the first \$50,000,000 provided for allocation under this section in a fiscal year,
2.19 50 percent must be deposited to the larger cities assistance account under section 162.146,
2.20 subdivision 1, and 50 percent must be deposited to the small cities assistance account under
2.21 section 162.145, subdivision 2. Any additional amount provided for allocation under this
2.22 section in a fiscal year must be deposited in the small cities assistance account under section
2.23 162.145, subdivision 2.

2.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

2.25 Sec. 4. Minnesota Statutes 2016, section 162.145, subdivision 3, is amended to read:

2.26 Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner
2.27 shall allocate all funds as provided in subdivision 4 and shall notify the commissioner of
2.28 revenue.

2.29 (b) Following notification from the commissioner of transportation, the commissioner
2.30 of revenue shall distribute the specified funds to cities in the same manner as local

3.1 government aid under chapter 477A. An appropriation to the commissioner of transportation
 3.2 under this section is available to the commissioner of revenue for the purposes specified in
 3.3 this paragraph.

3.4 (c) Notwithstanding other law to the contrary, in order to receive distributions under
 3.5 this section, a city must conform to the standards in section 477A.017, subdivision 2. A city
 3.6 that receives funds under this section must make and preserve records necessary to show
 3.7 that the funds are spent in compliance with subdivision 4 5.

3.8 (d) From funds received in a fiscal year under this section, a city may maintain a balance
 3.9 over multiple years for the purposes of funding a specific road project or projects in the
 3.10 future.

3.11 **EFFECTIVE DATE.** This section is effective July 1, 2017.

3.12 Sec. 5. **[162.146] LARGER CITIES ASSISTANCE.**

3.13 Subdivision 1. **Larger cities assistance account.** A larger cities assistance account is
 3.14 created in the special revenue fund. The account consists of funds as provided by law, and
 3.15 any other money donated, allotted, transferred, or otherwise provided to the account. Money
 3.16 in the account must be appropriated to the commissioner by law and apportioned among
 3.17 all the cities that are eligible to receive municipal state-aid street funds.

3.18 Subd. 2. **Distribution formula.** From a larger cities assistance account appropriation,
 3.19 the commissioner must apportion the money so that each city receives the percentage that
 3.20 its money needs, as determined by the commissioner under section 162.13, subdivision 3,
 3.21 bears to the total money needs of all cities that are eligible to receive municipal state-aid
 3.22 street funds.

3.23 Subd. 3. **Use of funds.** (a) Funds distributed under this section are for construction and
 3.24 maintenance of roads located within a city.

3.25 (b) Except for projects on municipal state-aid streets or county state-aid highways, funds
 3.26 distributed under this section are not subject to state-aid requirements under this chapter,
 3.27 including but not limited to engineering standards adopted by the commissioner in rules.

3.28 **EFFECTIVE DATE.** This section is effective July 1, 2017.

3.29 Sec. 6. Minnesota Statutes 2016, section 168.301, subdivision 3, is amended to read:

3.30 Subd. 3. **Late fee.** In addition to any fee or tax otherwise authorized or imposed upon
 3.31 the transfer of title for a motor vehicle, the commissioner of public safety shall impose a

4.1 \$2 additional fee for failure to deliver a title transfer within ten business days. The
 4.2 commissioner must deposit funds collected under this subdivision as provided under section
 4.3 162.085.

4.4 **EFFECTIVE DATE.** This section is effective July 1, 2017.

4.5 Sec. 7. Minnesota Statutes 2016, section 297A.815, subdivision 3, is amended to read:

4.6 Subd. 3. **Motor vehicle lease sales tax revenue.** (a) ~~For purposes of this subdivision,~~
 4.7 ~~"net revenue" means an amount equal to the revenues, including interest and penalties,~~
 4.8 ~~collected under this section, during the fiscal year, less \$32,000,000 in each fiscal year.~~

4.9 ~~(b)~~ On or before June 30 of each fiscal year, the commissioner of revenue ~~shall~~ must
 4.10 estimate the amount of the ~~net revenue~~ revenues, including interest and penalties, collected
 4.11 under this section for the current fiscal year.

4.12 ~~(e) On or after July 1~~ (b) By July 15 of the subsequent fiscal year, the commissioner of
 4.13 management and budget ~~shall~~ must transfer the ~~net revenue~~ revenues as estimated in
 4.14 paragraph ~~(b)~~ (a) from the general fund, as follows:

4.15 (1) ~~\$9,000,000 annually until January 1, 2015, and 50~~ 36.75 percent annually thereafter
 4.16 to the county state-aid highway fund. Notwithstanding any other law to the contrary, the
 4.17 commissioner of transportation ~~shall~~ must allocate the funds transferred under this clause
 4.18 to the counties in the metropolitan area, as defined in section 473.121, subdivision 4,
 4.19 excluding the counties of Hennepin and Ramsey, so that each county ~~shall receive of such~~
 4.20 receives from that amount the percentage that its population, as defined in section 477A.011,
 4.21 subdivision 3, estimated or established by July 15 of the year prior to the current calendar
 4.22 year, bears to the total population of the counties receiving funds under this clause; ~~and~~

4.23 (2) ~~the remainder~~ 36.75 percent to the greater Minnesota transit account; and

4.24 (3) four percent as provided under section 162.085.

4.25 (c) Revenues deposited under this subdivision do not include the revenues, including
 4.26 interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision
 4.27 1a, which must be deposited as provided under the Minnesota Constitution, article XI,
 4.28 section 15.

4.29 **EFFECTIVE DATE.** This section is effective beginning with the estimate that must
 4.30 be completed on or before June 30, 2017, for a transfer that occurs on or after July 1, 2017.

5.1 Sec. 8. Minnesota Statutes 2016, section 297A.94, is amended to read:

5.2 **297A.94 DEPOSIT OF REVENUES.**

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

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

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

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

5.12 The commissioner of management and budget shall certify to the commissioner the date on
5.13 which the project received the conditional commitment. The amount deposited in the loan
5.14 guaranty account must be reduced by any refunds and by the costs incurred by the Department
5.15 of Revenue to administer and enforce the assessment and collection of the taxes.

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

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

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

5.22 (d) The commissioner must deposit in the state treasury the revenues collected under
5.23 section 297A.64, subdivision 1, and credit them as provided under section 162.085.

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

5.29 ~~(e)~~ (f) 72.43 percent of the revenues, including interest and penalties, transmitted to the
5.30 commissioner under section 297A.65, must be deposited by the commissioner in the state
5.31 treasury as follows:

6.1 (1) 50 percent of the receipts must be deposited in the heritage enhancement account in
6.2 the game and fish fund, and may be spent only on activities that improve, enhance, or protect
6.3 fish and wildlife resources, including conservation, restoration, and enhancement of land,
6.4 water, and other natural resources of the state;

6.5 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may
6.6 be spent only for state parks and trails;

6.7 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may
6.8 be spent only on metropolitan park and trail grants;

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

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

6.14 ~~(f)~~ (g) The revenue dedicated under paragraph ~~(e)~~ (f) may not be used as a substitute for
6.15 traditional sources of funding for the purposes specified, but the dedicated revenue shall
6.16 supplement traditional sources of funding for those purposes. Land acquired with money
6.17 deposited in the game and fish fund under paragraph ~~(e)~~ (f) must be open to public hunting
6.18 and fishing during the open season, except that in aquatic management areas or on lands
6.19 where angling easements have been acquired, fishing may be prohibited during certain times
6.20 of the year and hunting may be prohibited. At least 87 percent of the money deposited in
6.21 the game and fish fund for improvement, enhancement, or protection of fish and wildlife
6.22 resources under paragraph ~~(e)~~ (f) must be allocated for field operations.

6.23 ~~(g)~~ (h) The revenues deposited under ~~paragraphs (a) to (f)~~ this section do not include
6.24 the revenues, including interest and penalties, generated by the sales tax imposed under
6.25 section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota
6.26 Constitution, article XI, section 15.

6.27 **EFFECTIVE DATE.** This section is effective July 1, 2017, for sales taxes remitted on
6.28 or after that date.