

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 3524

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DATE	D-PG	OFFICIAL STATUS
04/14/2016	5811	Introduction and first reading Referred to Finance

A bill for an act

1.1 relating to transportation; establishing the governor's supplemental budget
1.2 for transportation; appropriating money for transportation and public safety
1.3 activities; establishing a gross receipts motor fuels tax; modifying the
1.4 metropolitan area transit sales tax; amending provisions governing transportation
1.5 finance; authorizing sale and issuance of trunk highway bonds; authorizing
1.6 rulemaking; requiring reports; providing penalties; amending Minnesota
1.7 Statutes 2014, sections 168.013, subdivisions 1a, 21; 168A.29, subdivision 1;
1.8 171.06, subdivision 2; 219.015, subdivisions 1, 2; 219.1651; 222.49; 222.50,
1.9 subdivision 6; 296A.11; 296A.12; 296A.16, subdivisions 1, 2, 3, 4, 4a, 4b,
1.10 5; 296A.18, subdivisions 2, 3, 4, 5, 6, 7; 297A.99, subdivision 1; 299D.03,
1.11 subdivision 5; 360.013, by adding a subdivision; 360.075, subdivision 1, by
1.12 adding subdivisions; 360.55, by adding a subdivision; Minnesota Statutes 2015
1.13 Supplement, section 222.50, subdivision 7; Laws 2015, chapter 75, article 1,
1.14 sections 3, subdivisions 1, 2, 3, 4; 5, subdivision 3; proposing coding for new
1.15 law in Minnesota Statutes, chapters 174; 219; 296A; 297A; 360; 473; repealing
1.16 Minnesota Statutes 2014, section 473.4051, subdivision 2.
1.17

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

ARTICLE 1

TRANSPORTATION APPROPRIATIONS

1.21 Section 1. Laws 2015, chapter 75, article 1, section 3, subdivision 1, is amended to read:

1.22		2,488,269,000	2,496,573,000
1.23	Subdivision 1. Total Appropriation	\$ 2,508,269,000	\$ 2,911,272,000

Appropriations by Fund

	2016	2017
1.25		21,058,000
1.26		<u>34,871,000</u>
1.27	General 44,115,000	<u>34,871,000</u>
1.28		25,109,000
1.29	Airports 25,109,000	<u>35,681,000</u>

2.1			698,495,000
2.2	C.S.A.H.	670,768,000	<u>805,898,000</u>
2.3			178,141,000
2.4	M.S.A.S.	170,743,000	<u>206,353,000</u>
2.5		1,577,534,000	1,573,770,000
2.6	Trunk Highway	<u>1,597,534,000</u>	<u>1,828,469,000</u>

2.7 The amounts that may be spent for each
 2.8 purpose are specified in the following
 2.9 subdivisions.

2.10 Sec. 2. Laws 2015, chapter 75, article 1, section 3, subdivision 2, is amended to read:

2.11 Subd. 2. **Multimodal Systems**

2.12 (a) **Aeronautics**

2.13 (1) **Airport Development and Assistance** 19,798,000 19,798,000

2.14 This appropriation is from the state
 2.15 airports fund and must be spent according
 2.16 to Minnesota Statutes, section 360.305,
 2.17 subdivision 4.

2.18 The base appropriation in each of fiscal years
 2.19 2018 and 2019 is \$14,298,000.

2.20 Notwithstanding Minnesota Statutes, section
 2.21 16A.28, subdivision 6, this appropriation is
 2.22 available for five years after appropriation.

2.23 If the appropriation for either year is
 2.24 insufficient, the appropriation for the other
 2.25 year is available for it.

2.26 (2) **Aviation Support and Services** 6,661,000 6,661,000
 2.27 6,974,000

2.28 Appropriations by Fund

2.29		2016	2017
2.30			5,311,000
2.31	Airports	5,311,000	<u>5,624,000</u>
2.32	Trunk Highway	1,350,000	1,350,000

2.33 \$80,000 in each year is from the state airports
 2.34 fund for the Civil Air Patrol.

3.1 \$313,000 in the second year is for software
 3.2 system upgrades needed to accommodate
 3.3 the regulation of unmanned aircraft systems
 3.4 under Minnesota Statutes, sections 360.55,
 3.5 subdivision 9, and 360.591, through
 3.6 aircraft regulation and commercial operator
 3.7 licensing. This a onetime appropriation.

3.8 The base appropriation from the trunk
 3.9 highway fund in fiscal year 2018 is
 3.10 \$1,479,000 and in fiscal year 2019 is
 3.11 \$1,623,000.

3.12			<u>20,567,000</u>
3.13	(b) Transit	20,543,000	<u>30,567,000</u>

3.14	Appropriations by Fund		
3.15		2016	2017
3.16			<u>19,745,000</u>
3.17	General	19,745,000	<u>29,745,000</u>
3.18	Trunk Highway	798,000	822,000

3.19 The base appropriation from the general
 3.20 fund in each of fiscal years 2018 and 2019 is
 3.21 ~~\$17,245,000~~ \$27,245,000.

3.22 The base appropriation from the trunk
 3.23 highway fund in fiscal year 2018 is \$846,000
 3.24 and in fiscal year 2019 is \$873,000.

3.25			<u>500,000</u>
3.26	(c) Safe Routes to School	500,000	<u>3,000,000</u>

3.27 This appropriation is from the general fund
 3.28 for the safe routes to school program under
 3.29 Minnesota Statutes, section 174.40.

3.30	(d) Passenger Rail	500,000	500,000
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3.31 This appropriation is from the general
 3.32 fund for passenger rail system planning,
 3.33 alternatives analysis, environmental analysis,
 3.34 design, and preliminary engineering under

4.1 Minnesota Statutes, sections 174.632 to
4.2 174.636.

4.3			<u>5,452,000</u>
4.4	(e) Freight	13,445,000	<u>6,765,000</u>

4.5 Appropriations by Fund

4.6		2016	2017
4.7			256,000
4.8	General	8,401,000	<u>1,569,000</u>
4.9	Trunk Highway	5,044,000	5,196,000

4.10 \$1,313,000 in the second year is from the
4.11 general fund to pay for (1) an interagency
4.12 rail director, and (2) freight and rail planning,
4.13 engineering, administration, and related
4.14 activities.

4.15 \$145,000 in the first year is from the general
4.16 fund for a grant to the Minnesota Commercial
4.17 Railway for emergency temporary repairs
4.18 to approximately 6.5 miles of railroad track
4.19 described as that portion of the Minnesota
4.20 Commercial main running lead, between
4.21 M&D Junction in White Bear Lake and the
4.22 end of track in Hugo.

4.23 \$3,000,000 in the first year is from the
4.24 general fund for port development assistance
4.25 program grants under Minnesota Statutes,
4.26 chapter 457A. Any improvements made with
4.27 the proceeds of these grants must be publicly
4.28 owned. This is a onetime appropriation and
4.29 is available in the second year.

4.30 \$5,000,000 in the first year is from the
4.31 general fund for rail grade crossing
4.32 safety improvements. This is a onetime
4.33 appropriation and is available in the second
4.34 year.

4.35 The base appropriation from the trunk
4.36 highway fund in fiscal year 2018 is

5.1 \$5,350,000 and in fiscal year 2019 is
 5.2 \$5,522,000.

5.3 The base appropriation from the general
 5.4 fund in each of fiscal years 2018 and 2019
 5.5 is \$441,000.

5.6 Sec. 3. Laws 2015, chapter 75, article 1, section 3, subdivision 3, is amended to read:

5.7 Subd. 3. **State Roads**

5.8		<u>290,916,000</u>
5.9	(a) Operations and Maintenance	288,405,000 <u>300,633,000</u>

5.10 \$65,000,000 in the first year and \$65,000,000
 5.11 in the second year are for snow and ice
 5.12 management. If the appropriation in either
 5.13 year is insufficient, the appropriation
 5.14 for the other year is available for it. If
 5.15 the appropriation in either fiscal year is
 5.16 insufficient, the commissioner may transfer
 5.17 an amount of up to \$13,000,000 from
 5.18 the remainder of the appropriation for
 5.19 general operations and maintenance. If a
 5.20 balance remains of this appropriation, the
 5.21 commissioner may transfer up to that amount
 5.22 for general operations and maintenance.

5.23 The base appropriation in fiscal year 2018
 5.24 is ~~\$292,140,000~~ \$308,747,000 and in fiscal
 5.25 year 2019 is ~~\$301,545,000~~ \$318,874,000.

5.26		<u>231,252,000</u>
5.27	(b) Program Planning and Delivery	237,529,000 <u>262,157,000</u>

5.28 \$130,000 in each year is available for
 5.29 administrative costs of the targeted group
 5.30 business program.

5.31 \$266,000 in each year is available for grants
 5.32 to metropolitan planning organizations
 5.33 outside the seven-county metropolitan area.

6.1 \$900,000 in each year is available for
 6.2 grants for transportation studies outside
 6.3 the metropolitan area to identify critical
 6.4 concerns, problems, and issues. These
 6.5 grants are available: (1) to regional
 6.6 development commissions; (2) in regions
 6.7 where no regional development commission
 6.8 is functioning, to joint powers boards
 6.9 established under agreement of two or
 6.10 more political subdivisions in the region to
 6.11 exercise the planning functions of a regional
 6.12 development commission; and (3) in regions
 6.13 where no regional development commission
 6.14 or joint powers board is functioning, to the
 6.15 department's district office for that region.

6.16 \$1,000,000 in each year is available
 6.17 for management of contaminated and
 6.18 regulated material on property owned by
 6.19 the Department of Transportation, including
 6.20 mitigation of property conveyances, facility
 6.21 acquisition or expansion, chemical release at
 6.22 maintenance facilities, and spills on the trunk
 6.23 highway system where there is no known
 6.24 responsible party. If the appropriation for
 6.25 either year is insufficient, the appropriation
 6.26 for the other year is available for it.

6.27 \$6,804,000 in the first year and \$1,000,000 in
 6.28 the second year are available for the purposes
 6.29 stated in Minnesota Statutes, section 12A.16,
 6.30 subdivision 2.

6.31 The base appropriation for program
 6.32 planning and delivery in fiscal year 2018
 6.33 is ~~\$227,004,000~~ \$277,790,000 and in fiscal
 6.34 year 2019 is ~~\$234,331,000~~ \$282,600,000.

6.35		<u>779,664,000</u>	<u>744,166,000</u>
6.36	(c) State Road Construction	<u>799,664,000</u>	<u>955,056,000</u>

7.1 This appropriation is for the actual
7.2 construction, reconstruction, and
7.3 improvement of trunk highways, including
7.4 design-build contracts, internal department
7.5 costs associated with delivering the
7.6 construction program, and consultant usage
7.7 to support these activities. This includes the
7.8 cost of actual payment to landowners for
7.9 lands acquired for highway rights-of-way,
7.10 payment to lessees, interest subsidies, and
7.11 relocation expenses.

7.12 \$1,000,000 in the first year is to complete
7.13 projects using funds made available to
7.14 the commissioner of transportation under
7.15 title XII of the American Recovery and
7.16 Reinvestment Act of 2009, Public Law
7.17 111-5, and implemented under Minnesota
7.18 Statutes, section 161.36, subdivision 7.

7.19 \$10,000,000 in each year is for the
7.20 transportation economic development
7.21 program under Minnesota Statutes, section
7.22 174.12.

7.23 The commissioner may expend up to one-half
7.24 of one percent of the federal appropriations
7.25 under this paragraph as grants to opportunity
7.26 industrialization centers and other nonprofit
7.27 job training centers for job training programs
7.28 related to highway construction.

7.29 The commissioner may transfer up to
7.30 \$15,000,000 each year to the transportation
7.31 revolving loan fund.

7.32 The commissioner may receive money
7.33 covering other shares of the cost of
7.34 partnership projects. These receipts are

8.1 appropriated to the commissioner for these
8.2 projects.

8.3 The base appropriation for state road
8.4 construction in ~~each of fiscal years~~ year 2018
8.5 is \$953,757,000 and in fiscal year 2019 is
8.6 ~~\$695,800,000~~ \$931,467,000.

8.7			<u>231,199,000</u>
8.8	(d) Highway Debt Service	197,381,000	<u>218,020,000</u>

8.9 \$187,881,000 the first year and ~~\$221,699,000~~
8.10 \$208,520,000 the second year are for transfer
8.11 to the state bond fund. If this appropriation
8.12 is insufficient to make all transfers required
8.13 in the year for which it is made, the
8.14 commissioner of management and budget
8.15 shall transfer the deficiency amount under
8.16 the statutory open appropriation, and notify
8.17 the chairs and ranking minority members of
8.18 the legislative committees with jurisdiction
8.19 over transportation finance and the chairs of
8.20 the senate Committee on Finance and the
8.21 house of representatives Committee on Ways
8.22 and Means of the amount of the deficiency.
8.23 Any excess appropriation cancels to the
8.24 trunk highway fund.

8.25	(e) Statewide Radio Communications	5,358,000	5,486,000
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8.26	Appropriations by Fund		
8.27		2016	2017
8.28	General	35,000	3,000
8.29	Trunk Highway	5,323,000	5,483,000

8.30 \$3,000 in each year is from the general fund to
8.31 equip and operate the Roosevelt signal tower
8.32 for Lake of the Woods weather broadcasting.

8.33 \$32,000 in the first year is from the general
8.34 fund for a weather transmitter in Lake of the
8.35 Woods County.

9.1 The base appropriation from the trunk
 9.2 highway fund in fiscal year 2018 is
 9.3 \$5,645,000 and in fiscal year 2019 is
 9.4 \$5,826,000.

9.5 Sec. 4. Laws 2015, chapter 75, article 1, section 3, subdivision 4, is amended to read:

9.6 Subd. 4. **Local Roads**

9.7		<u>670,768,000</u>	<u>698,495,000</u>
9.8	(a) County State-Aid Roads	<u>705,450,000</u>	<u>805,898,000</u>

9.9 This appropriation is from the county
 9.10 state-aid highway fund under Minnesota
 9.11 Statutes, section 161.081, and chapter 162,
 9.12 and is available until spent.

9.13 If the commissioner of transportation
 9.14 determines that a balance remains in the
 9.15 county state-aid highway fund following
 9.16 the appropriations and transfers made in
 9.17 this paragraph, and that the appropriations
 9.18 made are insufficient for advancing county
 9.19 state-aid highway projects, an amount
 9.20 necessary to advance the projects, not to
 9.21 exceed the balance in the county state-aid
 9.22 highway fund, is appropriated in each year
 9.23 to the commissioner. Within two weeks
 9.24 of a determination under this contingent
 9.25 appropriation, the commissioner of
 9.26 transportation shall notify the commissioner
 9.27 of management and budget and the chairs
 9.28 and ranking minority members of the
 9.29 legislative committees with jurisdiction
 9.30 over transportation finance concerning
 9.31 funds appropriated. The commissioner shall
 9.32 identify in the next budget submission to the
 9.33 legislature under Minnesota Statutes, section

10.1 16A.11, any amount that is appropriated
10.2 under this paragraph.

10.3		170,743,000	178,141,000
10.4	(b) Municipal State-Aid Roads	<u>177,734,000</u>	<u>206,353,000</u>

10.5 This appropriation is from the municipal
10.6 state-aid street fund under Minnesota
10.7 Statutes, chapter 162, and is available until
10.8 spent.

10.9 If the commissioner of transportation
10.10 determines that a balance remains in the
10.11 municipal state-aid street fund following the
10.12 appropriations and transfers made in this
10.13 paragraph, and that the appropriations made
10.14 are insufficient for advancing municipal
10.15 state-aid street projects, an amount necessary
10.16 to advance the projects, not to exceed
10.17 the balance in the municipal state-aid
10.18 street fund, is appropriated in each year
10.19 to the commissioner. Within two weeks
10.20 of a determination under this contingent
10.21 appropriation, the commissioner of
10.22 transportation shall notify the commissioner
10.23 of management and budget and the chairs
10.24 and ranking minority members of the
10.25 legislative committees with jurisdiction
10.26 over transportation finance concerning
10.27 funds appropriated. The commissioner shall
10.28 identify in the next budget submission to the
10.29 legislature under Minnesota Statutes, section
10.30 16A.11, any amount that is appropriated
10.31 under this paragraph.

10.32	(c) Small Cities Assistance	12,500,000	0
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10.33 This appropriation is from the general fund
10.34 for small cities assistance under Minnesota
10.35 Statutes, section 162.145.

11.1 Sec. 5. Laws 2015, chapter 75, article 1, section 5, subdivision 3, is amended to read:

11.2 Subd. 3. **State Patrol**

11.3			83,121,000
11.4	(a) Patrolling Highways	81,516,000	<u>87,621,000</u>

11.5	Appropriations by Fund		
11.6		2016	2017
11.7	General	154,000	37,000
11.8	H.U.T.D.	92,000	92,000
11.9			82,992,000
11.10	Trunk Highway	81,270,000	<u>87,492,000</u>

11.11 \$858,000 from the trunk highway fund in the
 11.12 first year and \$117,000 from the general fund
 11.13 in the first year is to purchase a single-engine
 11.14 aircraft for the State Patrol.

11.15 \$4,500,000 from the trunk highway fund in
 11.16 the second year is to recruit, hire, train, and
 11.17 equip a State Patrol Academy.

11.18 The base appropriation from the trunk
 11.19 highway fund for patrolling highways in each
 11.20 of fiscal years 2018 and 2019 is \$87,492,000,
 11.21 which includes \$4,500,000 each year for a
 11.22 State Patrol Academy.

11.23	(b) Commercial Vehicle Enforcement	8,023,000	8,257,000
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11.24	(c) Capitol Security	8,035,000	8,147,000
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11.25 This appropriation is from the general fund.

11.26 The commissioner may not: (1) spend
 11.27 any money from the trunk highway fund
 11.28 for capitol security; or (2) permanently
 11.29 transfer any state trooper from the patrolling
 11.30 highways activity to capitol security.

11.31 The commissioner may not transfer any
 11.32 money appropriated to the commissioner
 11.33 under this section: (1) to capitol security; or
 11.34 (2) from capitol security.

12.1 (d) **Vehicle Crimes Unit** 715,000 736,000

12.2 This appropriation is from the highway user

12.3 tax distribution fund.

12.4 This appropriation is to investigate: (1)

12.5 registration tax and motor vehicle sales tax

12.6 liabilities from individuals and businesses

12.7 that currently do not pay all taxes owed;

12.8 and (2) illegal or improper activity related

12.9 to sale, transfer, titling, and registration of

12.10 motor vehicles.

12.11 **ARTICLE 2**

12.12 **BONDING**

12.13 Section 1. **BOND APPROPRIATIONS.**

12.14 The sums shown in the column under "Appropriations" are appropriated from the

12.15 bond proceeds account in the trunk highway fund to the state agencies or officials indicated,

12.16 to be spent for public purposes. Appropriations of bond proceeds must be spent as

12.17 authorized by the Minnesota Constitution, articles XI and XIV. Unless otherwise specified,

12.18 money appropriated in this article for a capital program or project may be used to pay state

12.19 agency staff costs that are attributed directly to the capital program or project in accordance

12.20 with accounting policies adopted by the commissioner of management and budget.

12.21 **SUMMARY**

12.22	<u>Department of Transportation</u>	\$	<u>2,000,000,000</u>
12.23	<u>Department of Management and Budget</u>		<u>2,000,000</u>
12.24	<u>TOTAL</u>	\$	<u>2,002,000,000</u>

12.25 **APPROPRIATIONS**

12.26 **Sec. 2. DEPARTMENT OF**

12.27 **TRANSPORTATION** **\$** **2,000,000,000**

12.28 (a) Of the appropriation in this section,

12.29 \$200,000,000 each year for eight years is

12.30 to the commissioner of transportation for

12.31 the corridors of commerce program under

12.32 Minnesota Statutes, section 161.088, and

12.33 \$100,000,000 each year for four years

13.1 is to the commissioner of transportation
 13.2 for the construction, reconstruction, and
 13.3 improvement of trunk highways, including
 13.4 design-build contracts and use of consultants
 13.5 to support these activities. In total, the
 13.6 appropriations under this section are
 13.7 available in the amounts of:

13.8 \$300,000,000 in fiscal year 2017;

13.9 \$300,000,000 in fiscal year 2018;

13.10 \$300,000,000 in fiscal year 2019;

13.11 \$300,000,000 in fiscal year 2020;

13.12 \$200,000,000 in fiscal year 2021;

13.13 \$200,000,000 in fiscal year 2022;

13.14 \$200,000,000 in fiscal year 2023; and

13.15 \$200,000,000 in fiscal year 2024.

13.16 The commissioner may use up to 17 percent
 13.17 of the amount each year for program delivery.

13.18 (b) In any fiscal year covered by this
 13.19 appropriation, the commissioner may
 13.20 identify projects based on previous selection
 13.21 processes or may perform a new selection.

13.22 (c) The appropriation in this section cancels
 13.23 as specified under Minnesota Statutes, section
 13.24 16A.642, except that the commissioner of
 13.25 management and budget shall count the start
 13.26 of authorization for issuance of state bonds
 13.27 as the first day of the fiscal year during
 13.28 which the bonds are available to be issued as
 13.29 specified under paragraph (a), and not as the
 13.30 date of enactment of this section.

13.31 **Sec. 3. BOND SALE EXPENSES \$ 2,000,000**

14.1 This appropriation is to the commissioner
14.2 of management and budget for bond
14.3 sale expenses under Minnesota Statutes,
14.4 sections 16A.641, subdivision 8, and 167.50,
14.5 subdivision 4, and is effective through 2026.

14.6 **Sec. 4. BOND SALE AUTHORIZATION.**

14.7 To provide the money appropriated in this article from the bond proceeds account in
14.8 the trunk highway fund, the commissioner of management and budget shall sell and issue
14.9 bonds of the state in an amount up to \$2,002,000,000 in the manner, upon the terms, and
14.10 with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the
14.11 Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested
14.12 by the commissioner of transportation. The proceeds of the bonds, except accrued interest
14.13 and any premium received from the sale of the bonds, must be deposited in the bond
14.14 proceeds account in the trunk highway fund.

14.15 **Sec. 5. EFFECTIVE DATE.**

14.16 This article is effective the day following final enactment.

14.17 **ARTICLE 3**

14.18 **MOTOR FUELS GROSS RECEIPTS TAX**

14.19 **Section 1. [296A.085] MOTOR FUELS GROSS RECEIPTS TAX.**

14.20 Subdivision 1. **Imposition.** In addition to other taxes imposed on the use of motor
14.21 fuels under this chapter, a motor fuels gross receipts tax is imposed on the first licensed
14.22 distributor receiving motor fuel for use in motor vehicles. The motor fuels gross receipts
14.23 tax is imposed at the rate of six and one-half percent of the average wholesale price of
14.24 gasoline for Minnesota as calculated in subdivisions 3 and 4. The motor fuels gross
14.25 receipts tax is imposed on all motor fuel, in either a liquid or gaseous form.

14.26 Subd. 2. **Exemptions.** Subdivision 1 does not apply to gasoline, denatured ethanol,
14.27 special fuel, or alternative fuel purchased by an entity described in section 296A.07,
14.28 subdivision 4, or 296A.08, subdivision 3.

14.29 Subd. 3. **Calculation of tax amount per gallon.** (a) The tax imposed under this
14.30 section must be calculated by converting the motor fuels gross receipts tax amount
14.31 into a tax rate per gallon. The commissioner of revenue will determine and publish the
14.32 motor fuels gross receipts tax amount per gallon annually. The amount is determined by
14.33 multiplying the previous calendar year's average wholesale gasoline price for Minnesota,

15.1 for all grades of a gallon of gasoline, by six and one-half percent. The wholesale price
15.2 used shall not include any tax or fee that can be assessed by the state of Minnesota or the
15.3 United States government. The wholesale price published by the United States Energy
15.4 Information Administration must be used to determine the motor fuels gross receipts tax
15.5 amount per gallon. The minimum average wholesale price to be used for this calculation
15.6 is \$2.50 per gallon. The motor fuels gross receipts tax amount per gallon will be in effect
15.7 for fuel received during a 12-month period from the next July 1 to June 30. By May 1
15.8 of each year, the commissioner will publish the upcoming fiscal year's motor fuels gross
15.9 receipts tax amounts per gallon and the current gasoline excise tax amount per gallon.
15.10 All amounts will be stated in cents per gallon rounded to the nearest one-tenth of a cent,
15.11 disregarding amounts less than .05 cents and increasing amounts of .05 cents to .099
15.12 cents to the next highest one-tenth of a cent.

15.13 (b) For the period of October 1, 2016, through June 30, 2017, the motor fuels gross
15.14 receipts tax amount per gallon of gasoline is six and one-half percent of the greater of
15.15 \$2.50 or the average wholesale gasoline price for Minnesota, for all grades of a gallon of
15.16 gasoline, for calendar year 2015, as published by the United States Energy Information
15.17 Administration. The commissioner must publish the rates before August 1, 2016.

15.18 Subd. 4. **Calculation of tax amount per gallon for other motor fuels.** (a) The
15.19 motor fuels gross receipts tax on other motor fuels must be computed at the following
15.20 tax rate:

15.21 (1) the tax rate per gallon of E85 is 71 percent of the motor fuels gross receipts tax
15.22 amount per gallon for gasoline, rounded to the nearest tenth of a cent per gallon;

15.23 (2) the tax rate per gallon of M85 is 57 percent of the motor fuels gross receipts tax
15.24 amount per gallon for gasoline, rounded to the nearest tenth of a cent per gallon;

15.25 (3) the tax rate per gallon of Liquefied Petroleum Gas (LPG) is 75 percent of the
15.26 motor fuels gross receipts tax amount per gallon for gasoline, rounded to the nearest
15.27 tenth of a cent per gallon;

15.28 (4) the tax rate per gallon of Liquid Natural Gas (LNG) is 60 percent of the motor
15.29 fuels gross receipts tax amount per gallon for gasoline, rounded to the nearest tenth of a
15.30 cent per gallon; and

15.31 (5) the tax rate per thousand cubic feet of Compressed Natural Gas (CNG) is the
15.32 same as the motor fuels gross receipts tax amount per gallon of gasoline.

15.33 (b) The tax rate per gallon of all other special fuel used as a motor fuel is the
15.34 same as the motor fuels gross receipts tax amount per gallon of gasoline as specified in
15.35 subdivision 3.

16.1 Subd. 5. **Administrative provisions.** The motor fuels gross receipts tax shall be
 16.2 paid and filed on a return, as prescribed by the commissioner, in the same manner and time
 16.3 as prescribed for gasoline tax as set forth in section 296A.15.

16.4 Subd. 6. **Deposit of revenues.** The commissioner shall deposit the revenues from
 16.5 the motor fuels gross receipts tax into the highway user tax distribution fund.

16.6 **EFFECTIVE DATE.** This section is effective the day following final enactment,
 16.7 and applies to motor fuels received after September 30, 2016.

16.8 Sec. 2. Minnesota Statutes 2014, section 296A.11, is amended to read:

16.9 **296A.11 SELLER MAY COLLECT TAX.**

16.10 A person who directly or indirectly pays a gasoline or special fuel tax or motor fuels
 16.11 gross receipts tax as provided in this chapter and who does not in fact use the gasoline or
 16.12 special fuel in motor vehicles in this state or receive, store, or withdraw it from storage
 16.13 to be used personally for the purpose of producing or generating power for propelling
 16.14 aircraft, but sells or otherwise disposes of the same, except as provided in section 296A.16,
 16.15 subdivision 3, is hereby authorized to collect, from the person to whom the gasoline or
 16.16 special fuel is so sold or disposed of, the tax so paid, and is hereby required, upon request,
 16.17 to make, sign, and deliver to such person an invoice of such sale or disposition. The sums
 16.18 collected must be held as a special fund in trust for the state of Minnesota.

16.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

16.20 Sec. 3. Minnesota Statutes 2014, section 296A.12, is amended to read:

16.21 **296A.12 GASOLINE AND SPECIAL FUEL TAX AND MOTOR FUELS**
 16.22 **GROSS RECEIPTS TAX IN LIEU OF OTHER TAXES.**

16.23 Gasoline and special fuel excise taxes and motor fuels gross receipts tax shall be
 16.24 in lieu of all other taxes imposed upon the business of selling or dealing in gasoline or
 16.25 special fuel, whether imposed by the state or by any of its political subdivisions, but are in
 16.26 addition to all ad valorem taxes now imposed by law. Nothing in this chapter is construed
 16.27 as prohibiting the governing body of any city of this state from licensing and regulating
 16.28 such a business where its authority is conferred by state law or city charter.

16.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

16.30 Sec. 4. Minnesota Statutes 2014, section 296A.16, subdivision 1, is amended to read:

17.1 Subdivision 1. **Credit or refund of gasoline or special fuel tax paid.** The
 17.2 commissioner shall allow the distributor credit or refund of the excise and motor fuels
 17.3 gross receipts tax paid on gasoline and special fuel:

17.4 (1) exported or sold for export from the state, other than in the supply tank of a
 17.5 motor vehicle or of an aircraft;

17.6 (2) sold to the United States government to be used exclusively in performing its
 17.7 governmental functions and activities or to any "cost plus a fixed fee" contractor employed
 17.8 by the United States government on any national defense project;

17.9 (3) if the fuel is placed in a tank used exclusively for residential heating;

17.10 (4) destroyed by accident while in the possession of the distributor;

17.11 (5) in error;

17.12 (6) in the case of gasoline only, sold for storage in an on-farm bulk storage tank, if
 17.13 the tax was not collected on the sale; and

17.14 (7) in such other cases as the commissioner may permit, consistent with the provisions
 17.15 of this chapter and other laws relating to the gasoline and special fuel excise taxes.

17.16 **EFFECTIVE DATE.** This section is effective October 1, 2016.

17.17 Sec. 5. Minnesota Statutes 2014, section 296A.16, subdivision 2, is amended to read:

17.18 Subd. 2. **Fuel used in other vehicle; claim for refund.** Any person who buys and
 17.19 uses gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles
 17.20 except as provided in clause (2), or motorboats, or special fuel for a qualifying purpose
 17.21 other than use in licensed motor vehicles, and who paid the excise and motor fuels gross
 17.22 receipts tax directly or indirectly through the amount of the tax being included in the price
 17.23 of the gasoline or special fuel, or otherwise, shall be reimbursed and repaid the amount
 17.24 of the tax paid upon filing with the commissioner a claim for refund in the form and
 17.25 manner prescribed by the commissioner, and containing the information the commissioner
 17.26 shall require. By signing any such claim which is false or fraudulent, the applicant shall
 17.27 be subject to the penalties provided in this chapter for knowingly making a false claim.
 17.28 The claim shall set forth the total amount of the gasoline so purchased and used by the
 17.29 applicant other than in motor vehicles, or special fuel purchased and used by the applicant
 17.30 other than in licensed motor vehicles, and shall state when and for what purpose it was
 17.31 used. When a claim contains an error in computation or preparation, the commissioner
 17.32 is authorized to adjust the claim in accordance with the evidence shown on the claim or
 17.33 other information available to the commissioner. The commissioner, on being satisfied
 17.34 that the claimant is entitled to the payments, shall approve the claim and transmit it to the
 17.35 commissioner of management and budget. The words "gasoline" or "special fuel" as used

18.1 in this subdivision do not include aviation gasoline or special fuel for aircraft. Gasoline or
18.2 special fuel bought and used for a "qualifying purpose" means:

18.3 (1) Gasoline or special fuel used in carrying on a trade or business, used on a farm
18.4 situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose"
18.5 have the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue
18.6 Code as defined in section 289A.02, subdivision 7.

18.7 (2) Gasoline or special fuel used for off-highway business use.

18.8 (i) "Off-highway business use" means any use off the public highway by a person in
18.9 that person's trade, business, or activity for the production of income.

18.10 (ii) Off-highway business use includes use of a passenger snowmobile off the public
18.11 highways as part of the operations of a resort as defined in section 157.15, subdivision 11;
18.12 and use of gasoline or special fuel to operate a power takeoff unit on a vehicle, but not
18.13 including fuel consumed during idling time.

18.14 (iii) Off-highway business use does not include use as a fuel in a motor vehicle
18.15 which, at the time of use, is registered or is required to be registered for highway use under
18.16 the laws of any state or foreign country; or use of a licensed motor vehicle fuel tank in lieu
18.17 of a separate storage tank for storing fuel to be used for a qualifying purpose, as defined in
18.18 this section. Fuel purchased to be used for a qualifying purpose cannot be placed in the
18.19 fuel tank of a licensed motor vehicle and must be stored in a separate supply tank.

18.20 (3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles,
18.21 manufactured in Minnesota, and shipped by interstate carrier to destinations in other
18.22 states or foreign countries.

18.23 **EFFECTIVE DATE.** This section is effective October 1, 2016.

18.24 Sec. 6. Minnesota Statutes 2014, section 296A.16, subdivision 3, is amended to read:

18.25 Subd. 3. **Destruction by accident; refund to dealer.** Notwithstanding the
18.26 provisions of subdivision 1, the commissioner shall allow a dealer a refund of:

18.27 (1) the excise and motor fuels gross receipts tax paid by the distributor on gasoline,
18.28 undyed diesel fuel, or undyed kerosene destroyed by accident while in the possession of
18.29 the dealer; or

18.30 (2) the excise and motor fuels gross receipts tax paid by a distributor or special fuels
18.31 dealer on other special fuels destroyed by accident while in the possession of the dealer.

18.32 **EFFECTIVE DATE.** This section is effective October 1, 2016.

18.33 Sec. 7. Minnesota Statutes 2014, section 296A.16, subdivision 4, is amended to read:

19.1 Subd. 4. **Refrigerator units; refunds.** Notwithstanding the provisions of
19.2 subdivision 1, the commissioner shall allow a special fuel dealer a refund of the excise and
19.3 motor fuels gross receipts tax paid on fuel sold directly into a supply tank of a refrigeration
19.4 unit with a separate engine and used exclusively by that refrigeration unit. A claim for
19.5 refund may be filed as provided in this section.

19.6 **EFFECTIVE DATE.** This section is effective October 1, 2016.

19.7 Sec. 8. Minnesota Statutes 2014, section 296A.16, subdivision 4a, is amended to read:

19.8 Subd. 4a. **Undyed kerosene; refunds.** Notwithstanding subdivision 1, the
19.9 commissioner shall allow a refund of the excise and motor fuels gross receipts tax paid
19.10 on undyed kerosene used exclusively for a purpose other than as fuel for a motor vehicle
19.11 using the streets and highways. To obtain a refund, the person making the sale to an end
19.12 user must meet the Internal Revenue Service requirements for sales from a blocked pump.
19.13 A claim for a refund may be filed as provided in this section.

19.14 **EFFECTIVE DATE.** This section is effective October 1, 2016.

19.15 Sec. 9. Minnesota Statutes 2014, section 296A.16, subdivision 4b, is amended to read:

19.16 Subd. 4b. **Racing gasoline; refunds.** Notwithstanding subdivision 1, the
19.17 commissioner shall allow a licensed distributor a refund of the excise and motor fuels
19.18 gross receipts tax paid on leaded gasoline of 110 octane or more that does not meet ASTM
19.19 specification D4814 for gasoline and that is sold in bulk for use in nonregistered motor
19.20 vehicles. A claim for a refund may be filed as provided for in this section.

19.21 **EFFECTIVE DATE.** This section is effective October 1, 2016.

19.22 Sec. 10. Minnesota Statutes 2014, section 296A.16, subdivision 5, is amended to read:

19.23 Subd. 5. **Qualifying service station credit.** Notwithstanding any other provision of
19.24 law to the contrary, the combined excise and motor fuels gross receipts tax imposed on
19.25 gasoline, undyed diesel fuel, or undyed kerosene delivered to a qualified service station
19.26 may not exceed, or must be reduced to, a rate not more than three cents per gallon above
19.27 the state tax rate imposed on such products sold by a service station in a contiguous state
19.28 located within the distance indicated in this subdivision. A distributor shall be allowed a
19.29 credit or refund for the amount of reduction computed in accordance with this subdivision.
19.30 For purposes of this subdivision, a "qualifying service station" means a service station
19.31 located within 7.5 miles, measured by the shortest route by public road, from a service
19.32 station selling like product in the contiguous state.

20.1 **EFFECTIVE DATE.** This section is effective October 1, 2016.

20.2 Sec. 11. Minnesota Statutes 2014, section 296A.18, subdivision 2, is amended to read:

20.3 Subd. 2. **Motorboat.** Approximately 1-1/2 percent of all gasoline received in this
20.4 state and 1-1/2 percent of all gasoline produced or brought into this state, except gasoline
20.5 used for aviation purposes, is being used as fuel for the operation of motorboats on the
20.6 waters of this state and of the total revenue derived from the imposition of the gasoline
20.7 fuel tax and motor fuels gross receipts tax on gasoline for uses other than for aviation
20.8 purposes, 1-1/2 percent of the revenue is the amount of tax on fuel used in motorboats
20.9 operated on the waters of this state. The amount of unrefunded tax paid on gasoline used
20.10 for motor boat purposes as computed in this chapter shall be paid into the state treasury
20.11 and credited to a water recreation account in the special revenue fund for acquisition,
20.12 development, maintenance, and rehabilitation of sites for public access and boating
20.13 facilities on public waters; lake and river improvement; and boat and water safety.

20.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

20.15 Sec. 12. Minnesota Statutes 2014, section 296A.18, subdivision 3, is amended to read:

20.16 Subd. 3. **Snowmobile.** Approximately one percent of all gasoline received in and
20.17 produced or brought into this state, except gasoline used for aviation purposes, is being
20.18 used as fuel for the operation of snowmobiles in this state, and of the total revenue derived
20.19 from the imposition of the gasoline fuel tax and motor fuels gross receipts tax on gasoline
20.20 for uses other than for aviation purposes, one percent of such revenues is the amount of
20.21 tax on fuel used in snowmobiles operated in this state.

20.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

20.23 Sec. 13. Minnesota Statutes 2014, section 296A.18, subdivision 4, is amended to read:

20.24 Subd. 4. **All-terrain vehicle.** Approximately 0.27 of one percent of all gasoline
20.25 received in or produced or brought into this state, except gasoline used for aviation
20.26 purposes, is being used for the operation of all-terrain vehicles in this state, and of the
20.27 total revenue derived from the imposition of the gasoline fuel tax and motor fuels gross
20.28 receipts tax on gasoline, 0.27 of one percent is the amount of tax on fuel used in all-terrain
20.29 vehicles operated in this state.

20.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

20.31 Sec. 14. Minnesota Statutes 2014, section 296A.18, subdivision 5, is amended to read:

21.1 Subd. 5. **Off-highway motorcycles.** Approximately 0.046 of one percent of
21.2 all gasoline received or produced in or brought into this state, except gasoline used for
21.3 aviation purposes, is being used for the operation of off-highway motorcycles in this state,
21.4 and of the total revenue derived from the imposition of the gasoline fuel tax and motor
21.5 fuels gross receipts tax on gasoline for uses other than for aviation purposes, 0.046 of one
21.6 percent is the amount of tax on fuel used in off-highway motorcycles operated in this state.

21.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

21.8 Sec. 15. Minnesota Statutes 2014, section 296A.18, subdivision 6, is amended to read:

21.9 Subd. 6. **Off-road vehicle.** Approximately 0.164 of one percent of all gasoline
21.10 received or produced in or brought into this state, except gasoline used for aviation
21.11 purposes, is being used for the off-road operation of off-road vehicles, as defined in
21.12 section 84.797, in this state, and of the total revenue derived from the imposition of the
21.13 gasoline fuel tax and motor fuels gross receipts tax on gasoline for uses other than aviation
21.14 purposes, 0.164 of one percent is the amount of tax on fuel used for off-road operation
21.15 of off-road vehicles in this state.

21.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

21.17 Sec. 16. Minnesota Statutes 2014, section 296A.18, subdivision 7, is amended to read:

21.18 Subd. 7. **Forest road.** Approximately 0.116 percent of the total annual unrefunded
21.19 revenue from the gasoline fuel tax and motor fuels gross receipts tax on all gasoline and
21.20 special fuel received in, produced, or brought into this state, except gasoline and special
21.21 fuel used for aviation purposes, is derived from the operation of motor vehicles on state
21.22 forest roads and county forest access roads. This revenue, together with interest and
21.23 penalties for delinquency in payment, paid or collected pursuant to the provisions of
21.24 this chapter, is appropriated from the highway user tax distribution fund and must be
21.25 transferred and credited in equal installments on July 1 and January 1 to the state forest
21.26 road account established in section 89.70. Of this amount, 0.0605 percent is annually
21.27 derived from motor vehicles operated on state forest roads and 0.0555 percent is annually
21.28 derived from motor vehicles operated on county forest access roads in this state. An
21.29 amount equal to 0.0555 percent of the unrefunded revenue must be annually transferred to
21.30 counties for the management and maintenance of county forest roads.

21.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

22.1 **ARTICLE 4**

22.2 **METROPOLITAN AREA TRANSIT SALES AND USE TAX**

22.3 Section 1. Minnesota Statutes 2014, section 297A.99, subdivision 1, is amended to read:

22.4 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may
 22.5 impose a general sales tax (1) under section 297A.992, (2) under section 297A.9925, (3)
 22.6 under section 297A.993, ~~(3)~~ (4) if permitted by special law, or ~~(4)~~ (5) if the political
 22.7 subdivision enacted and imposed the tax before January 1, 1982, and its predecessor
 22.8 provision.

22.9 (b) This section governs the imposition of a general sales tax by the political
 22.10 subdivision. The provisions of this section preempt the provisions of any special law:

22.11 (1) enacted before June 2, 1997, or

22.12 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law
 22.13 provision from this section's rules by reference.

22.14 (c) This section does not apply to or preempt a sales tax on motor vehicles or a
 22.15 special excise tax on motor vehicles.

22.16 (d) A political subdivision may not advertise or expend funds for the promotion of a
 22.17 referendum to support imposing a local option sales tax.

22.18 (e) Notwithstanding paragraph (d), a political subdivision may expend funds to:

22.19 (1) conduct the referendum;

22.20 (2) disseminate information included in the resolution adopted under subdivision 2;

22.21 (3) provide notice of, and conduct public forums at which proponents and opponents
 22.22 on the merits of the referendum are given equal time to express their opinions on the
 22.23 merits of the referendum;

22.24 (4) provide facts and data on the impact of the proposed sales tax on consumer
 22.25 purchases; and

22.26 (5) provide facts and data related to the programs and projects to be funded with
 22.27 the sales tax.

22.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 22.29 September 30, 2016.

22.30 Sec. 2. **[297A.9925] METROPOLITAN AREA TRANSIT SALES AND USE**
 22.31 **TAX; RATE; IMPOSITION; USES; PRIORITIES.**

22.32 Subdivision 1. **Definitions.** For purposes of this section, the following terms have
 22.33 the following meanings:

23.1 (1) "metropolitan area" or "area" has the meaning defined in section 473.121,
23.2 subdivision 2;

23.3 (2) "Metropolitan Council" or "council" means the Metropolitan Council established
23.4 by section 473.123; and

23.5 (3) "local governmental unit" means any county, city, town, school district, special
23.6 district, or other political subdivisions or public corporation, other than the council or a
23.7 metropolitan agency, lying in whole or in part within the metropolitan area.

23.8 Subd. 2. **Metropolitan area transit sales tax imposition; rate.** Notwithstanding
23.9 section 297A.99, subdivisions 1, 2, and 3, 477A.016, or any other law, a metropolitan area
23.10 transit sales and use tax is imposed at a rate of one-half of one percent on retail sales and
23.11 uses taxable under this chapter occurring within the metropolitan area.

23.12 Subd. 3. **Administration; collection; enforcement.** Except as otherwise provided
23.13 in this section, the provisions of section 297A.99, subdivisions 4 and 6 to 12a, govern the
23.14 administration, collection, and enforcement of the tax authorized under this section.

23.15 Subd. 4. **Uses; consistency with transportation policy plan.** (a) The Metropolitan
23.16 Council shall utilize the proceeds of the metropolitan area transit sales and use tax imposed
23.17 under subdivision 2 for transit purposes within the metropolitan area. This may include,
23.18 but is not limited to, transit operations, capital improvements, design, engineering and
23.19 environmental work, acquisition of real property, transit planning and feasibility studies,
23.20 and to provide grants to local governmental units for transit purposes or for bicycle and
23.21 pedestrian projects as specified in subdivision 5.

23.22 (b) Projects funded with the metropolitan area transit sales and use tax proceeds
23.23 must be consistent with the long-range transportation policy plan adopted by the council
23.24 under section 473.146.

23.25 Subd. 5. **Priorities.** (a) The council shall allocate revenues from the taxes imposed
23.26 under this section in accordance with the transit system development and financial plan
23.27 required under section 473.1462, and in conformance with the following priority order:

23.28 (1) payment of debt service necessary on bonds or other obligations issued under
23.29 subdivision 6;

23.30 (2) operating and capital costs to preserve existing bus services that are in
23.31 conformance with regional transit performance standards as specified in the council's
23.32 transportation policy plan;

23.33 (3) 100 percent of the net operating costs of existing arterial bus rapid transit lines
23.34 and 50 percent of the net operating costs of other existing transitways;

23.35 (4) grants required under paragraph (b);

24.1 (5) operating and capital costs for the expansion and modernization of regional bus
 24.2 services, including replacement services provided under section 473.388, in accordance
 24.3 with the regional service improvement plan adopted by the council;

24.4 (6) operating and capital costs for expansion and improvement of regional
 24.5 transitways; and

24.6 (7) any other costs payable in accordance with subdivision 4.

24.7 (b) After accounting for the amounts necessary for paragraph (a), clauses (1) , (2),
 24.8 and (3), the council shall make five percent of the remaining revenues available through
 24.9 grants to local units of government within the metropolitan area for bicycle and pedestrian
 24.10 projects. The council shall establish a grant program, criteria, and oversight procedures
 24.11 for regional bicycle and pedestrian project grants on at least a biennial schedule.

24.12 Subd. 6. **Revenue bonds.** (a) In addition to other authority granted in this section,
 24.13 the council may, by resolution, authorize the issuance and sale of revenue bonds, notes,
 24.14 or other obligations to provide funds to implement the council's regional transit system
 24.15 development and financial plan and to refund bonds issued under this subdivision.

24.16 (b) The bonds shall be payable from and secured by a pledge of the revenues
 24.17 identified in the transit system development and financial plan, including without
 24.18 limitation all or any part of revenues received from the metropolitan area transit sales and
 24.19 use tax imposed under subdivision 2, and associated investment earnings on debt proceeds.
 24.20 The council may by resolution authorize the issuance of the bonds as general obligations
 24.21 of the council. The bonds shall be sold, issued, and secured in the manner provided in
 24.22 chapter 475, and the council shall have the same powers and duties as a municipality and
 24.23 its governing body in issuing bonds under chapter 475, except that no election shall be
 24.24 required and the net debt limitations in chapter 475 shall not apply to such bonds. The
 24.25 proceeds of the bonds may also be used to fund necessary reserves and to pay credit
 24.26 enhancement fees, issuance costs, and other financing costs during the life of the debt.

24.27 (c) The bonds may be secured by a bond resolution, or a trust indenture entered into
 24.28 by the council with a corporate trustee within or outside the state, which shall define the
 24.29 revenues and bond proceeds pledged for the payment and security of the bonds. The
 24.30 pledge shall be a valid charge on the revenues received under section 297A.99, subdivision
 24.31 11. Neither the state, nor any municipality or political subdivision except the council,
 24.32 nor any member or officer or employee of the council, is liable on the obligations. No
 24.33 mortgage or security interest in any tangible real or personal property shall be granted to
 24.34 the bondholders or the trustee, but they shall have a valid security interest in the revenues
 24.35 and bond proceeds received by the council and pledged to the payment of the bonds. In the

25.1 bond resolution or trust indenture, the council may make such covenants as it determines
25.2 to be reasonable for the protection of the bondholders.

25.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
25.4 September 30, 2016, and applies in the counties of Anoka, Carver, Dakota, Hennepin,
25.5 Ramsey, Scott, and Washington.

25.6 Sec. 3. **[473.1462] REGIONAL TRANSIT SYSTEM DEVELOPMENT AND**
25.7 **FINANCIAL PLAN.**

25.8 Subdivision 1. **Annual regional transit system development and financial plan.**
25.9 By December 15, 2015, and annually thereafter, the council shall prepare and adopt a
25.10 comprehensive regional transit system development and financial plan that describes and
25.11 accounts for the transit system operating and capital investments planned to occur over
25.12 at least the next ten calendar years. The council's adopted annual transit operating and
25.13 capital budgets must be consistent with the transit system development and financial
25.14 plan. The transit system development and financial plan may be amended as needed. The
25.15 council shall annually submit the plan for review by the Legislative Commission on
25.16 Metropolitan Government under section 3.8841.

25.17 Subd. 2. **Details on transit operations and capital investments; transit revenues.**
25.18 The regional transit system development and financial plan must contain detail on the
25.19 transit operations and capital investments expected for all regional public transit services
25.20 funded in whole or in part by the council, including but not limited to regular route bus
25.21 services including services operated by the council and replacement service providers under
25.22 section 473.388; Metro Mobility special transportation services provided under section
25.23 473.386; other dial-a-ride and vanpool services provided by the council; and all regional
25.24 transitway operations and capital investments with detail provided for each existing or
25.25 new transitway line. The plan must also account for all transit revenues expected to be
25.26 available to the council including but not limited to metropolitan area transit sales and use
25.27 tax revenue available from the tax imposed under section 297A.9925, subdivision 2; transit
25.28 fare revenues; metropolitan area transit state general fund appropriations; motor vehicle
25.29 sales tax revenues available through the metropolitan transit assistance account under
25.30 section 16A.88, subdivision 2; federal transit funds; regional transit capital bonds issued
25.31 by the council pursuant to authorizations under section 473.39; and sales tax revenues
25.32 allocated to the council by the joint powers board under section 297A.992. The regional
25.33 transit system development and financial plan must be consistent with the adopted regional
25.34 transportation policy plan and provide detail on the specific transit operations and capital

26.1 investments expected in each year of the plan. The plan may account for the use of debt
 26.2 financing and the issuance of bonds as authorized under section 297A.9925, subdivision 6.

26.3 **EFFECTIVE DATE.** This section is effective July 1, 2016, and applies in the
 26.4 counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

26.5 Sec. 4. **REPEALER.**

26.6 Minnesota Statutes 2014, section 473.4051, subdivision 2, is repealed.

26.7 **EFFECTIVE DATE.** This section is effective July 1, 2016.

26.8 **ARTICLE 5**

26.9 **TRANSPORTATION POLICY AND FINANCE**

26.10 Section 1. Minnesota Statutes 2014, section 168.013, subdivision 1a, is amended to read:

26.11 Subd. 1a. **Passenger automobile; hearse.** (a) On passenger automobiles as defined
 26.12 in section 168.002, subdivision 24, and hearses, except as otherwise provided, the tax
 26.13 shall be an amount equal to a combination of the following:

26.14 (1) \$10 for those vehicles with registration periods beginning on or before June 30,
 26.15 2018, and \$20 for those vehicles with registration periods on or after July 1, 2018, plus

26.16 (2) an additional tax equal to the following:

26.17 (i) 1.25 percent of the base value- for those vehicles with registration periods ending
 26.18 on or before January 1, 2017;

26.19 (ii) 1.35 percent of the base value for those vehicles with registration periods
 26.20 beginning on or after January 1, 2017, and before July 1, 2017;

26.21 (iii) 1.45 percent of the base value for those vehicles with registration periods
 26.22 beginning on or after July 1, 2017, and before July 1, 2018; and

26.23 (iv) 1.50 percent of the base value for those vehicles with registration periods
 26.24 beginning on or after July 1, 2018.

26.25 (b) Subject to the classification provisions herein, "base value" means the
 26.26 manufacturer's suggested retail price of the vehicle including destination charge using list
 26.27 price information published by the manufacturer or determined by the registrar if no
 26.28 suggested retail price exists, and shall not include the cost of each accessory or item of
 26.29 optional equipment separately added to the vehicle and the suggested retail price.

26.30 (c) If the manufacturer's list price information contains a single vehicle identification
 26.31 number followed by various descriptions and suggested retail prices, the registrar shall
 26.32 select from those listings only the lowest price for determining base value.

27.1 (d) If unable to determine the base value because the vehicle is specially constructed,
 27.2 or for any other reason, the registrar may establish such value upon the cost price to the
 27.3 purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales
 27.4 or use tax or any local sales or other local tax.

27.5 (e) The registrar shall classify every vehicle in its proper base value class as follows:

27.6	FROM	TO
27.7	\$ 0	\$ 199.99
27.8	\$ 200	\$ 399.99

27.9 and thereafter a series of classes successively set in brackets having a spread of \$200
 27.10 consisting of such number of classes as will permit classification of all vehicles.

27.11 (f) The base value for purposes of this section shall be the middle point between
 27.12 the extremes of its class.

27.13 (g) The registrar shall establish the base value, when new, of every passenger
 27.14 automobile and hearse registered prior to the effective date of Extra Session Laws 1971,
 27.15 chapter 31, using list price information published by the manufacturer or any nationally
 27.16 recognized firm or association compiling such data for the automotive industry. If unable
 27.17 to ascertain the base value of any registered vehicle in the foregoing manner, the registrar
 27.18 may use any other available source or method. The registrar shall calculate tax using base
 27.19 value information available to dealers and deputy registrars at the time the application for
 27.20 registration is submitted. The tax on all previously registered vehicles shall be computed
 27.21 upon the base value thus determined taking into account the depreciation provisions of
 27.22 paragraph (h).

27.23 (h) The annual additional tax must be computed upon a percentage of the base value
 27.24 as follows: during the first year of vehicle life, upon 100 percent of the base value; for the
 27.25 second year, 90 percent of such value; for the third year, 80 percent of such value; for the
 27.26 fourth year, 70 percent of such value; for the fifth year, 60 percent of such value; for the
 27.27 sixth year, 50 percent of such value; for the seventh year, 40 percent of such value; for the
 27.28 eighth year, 30 percent of such value; for the ninth year, 20 percent of such value; for the
 27.29 tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of \$25.

27.30 (i) In no event shall the annual additional tax be less than \$25.

27.31 ~~(j) For any vehicle previously registered in Minnesota, the annual additional tax~~
 27.32 ~~due under this subdivision must not exceed the smallest amount of annual additional~~
 27.33 ~~tax previously paid or due on the vehicle.~~

27.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

28.1 Sec. 2. Minnesota Statutes 2014, section 168.013, subdivision 21, is amended to read:

28.2 Subd. 21. **Technology surcharge.** For every vehicle registration renewal required
28.3 under this chapter, the commissioner shall collect a surcharge of: (1) \$1.75 until June 30,
28.4 2012; and (2) \$1 from July 1, 2012, to June 30, ~~2016~~ 2019. Surcharges collected under
28.5 this subdivision must be credited to the driver and vehicle services technology account in
28.6 the special revenue fund under section 299A.705.

28.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

28.8 Sec. 3. Minnesota Statutes 2014, section 168A.29, subdivision 1, is amended to read:

28.9 Subdivision 1. **Amounts.** (a) The department must be paid the following fees:

28.10 (1) for filing an application for and the issuance of an original certificate of title,
28.11 the sum of:

28.12 (i) until December 31, 2016, \$6.25 of which \$3.25 must be paid into the vehicle
28.13 services operating account of the special revenue fund under section 299A.705, and from
28.14 July 1, 2012, to June 30, ~~2016~~ 2019, a surcharge of \$1 must be added to the fee and
28.15 credited to the driver and vehicle services technology account; and

28.16 (ii) on and after January 1, 2017, \$8.25 of which \$4.15 must be paid into the vehicle
28.17 services operating account;

28.18 (2) for each security interest when first noted upon a certificate of title, including the
28.19 concurrent notation of any assignment thereof and its subsequent release or satisfaction,
28.20 the sum of \$2, except that no fee is due for a security interest filed by a public authority
28.21 under section 168A.05, subdivision 8;

28.22 (3) until December 31, 2016, for the transfer of the interest of an owner and the
28.23 issuance of a new certificate of title, the sum of \$5.50 of which \$2.50 must be paid into the
28.24 vehicle services operating account of the special revenue fund under section 299A.705,
28.25 and from July 1, 2012, to June 30, ~~2016~~ 2019, a surcharge of \$1 must be added to the fee
28.26 and credited to the driver and vehicle services technology account;

28.27 (4) for each assignment of a security interest when first noted on a certificate of title,
28.28 unless noted concurrently with the security interest, the sum of \$1; and

28.29 (5) for issuing a duplicate certificate of title, the sum of \$7.25 of which \$3.25 must
28.30 be paid into the vehicle services operating account of the special revenue fund under
28.31 section 299A.705; from July 1, 2012, to June 30, ~~2016~~ 2019, a surcharge of \$1 must be
28.32 added to the fee and credited to the driver and vehicle services technology account.

28.33 (b) In addition to the fee required under paragraph (a), clause (1), the department
28.34 must be paid \$3.50. The additional \$3.50 fee collected under this paragraph must be

29.1 deposited in the special revenue fund and credited to the public safety motor vehicle
 29.2 account established in section 299A.70.

29.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

29.4 Sec. 4. Minnesota Statutes 2014, section 171.06, subdivision 2, is amended to read:

29.5 Subd. 2. **Fees.** (a) The fees for a license and Minnesota identification card are
 29.6 as follows:

29.7	Classified Driver's License	D-\$17.25	C-\$21.25	B-\$28.25	A-\$36.25
29.8	Classified Under-21 D.L.	D-\$17.25	C-\$21.25	B-\$28.25	A-\$16.25
29.9	Enhanced Driver's License	D-\$32.25	C-\$36.25	B-\$43.25	A-\$51.25
29.10	Instruction Permit				\$5.25
29.11	Enhanced Instruction				
29.12	Permit				\$20.25
29.13	Commercial Learner's				
29.14	Permit				\$2.50
29.15	Provisional License				\$8.25
29.16	Enhanced Provisional				
29.17	License				\$23.25
29.18	Duplicate License or				
29.19	duplicate identification				
29.20	card				\$6.75
29.21	Enhanced Duplicate				
29.22	License or enhanced				
29.23	duplicate identification				
29.24	card				\$21.75
29.25	Minnesota identification				
29.26	card or Under-21				
29.27	Minnesota identification				
29.28	card, other than duplicate,				
29.29	except as otherwise				
29.30	provided in section 171.07,				
29.31	subdivisions 3 and 3a				\$11.25
29.32	Enhanced Minnesota				
29.33	identification card				\$26.25

29.34 In addition to each fee required in this paragraph, the commissioner shall collect a
 29.35 surcharge of: (1) \$1.75 until June 30, 2012; and (2) \$1.00 from July 1, 2012, to June 30,
 29.36 ~~2016~~ 2019. Surcharges collected under this paragraph must be credited to the driver and
 29.37 vehicle services technology account in the special revenue fund under section 299A.705.

29.38 (b) Notwithstanding paragraph (a), an individual who holds a provisional license and
 29.39 has a driving record free of (1) convictions for a violation of section 169A.20, 169A.33,
 29.40 169A.35, or sections 169A.50 to 169A.53, (2) convictions for crash-related moving
 29.41 violations, and (3) convictions for moving violations that are not crash related, shall have a

30.1 \$3.50 credit toward the fee for any classified under-21 driver's license. "Moving violation"
30.2 has the meaning given it in section 171.04, subdivision 1.

30.3 (c) In addition to the driver's license fee required under paragraph (a), the
30.4 commissioner shall collect an additional \$4 processing fee from each new applicant
30.5 or individual renewing a license with a school bus endorsement to cover the costs for
30.6 processing an applicant's initial and biennial physical examination certificate. The
30.7 department shall not charge these applicants any other fee to receive or renew the
30.8 endorsement.

30.9 (d) In addition to the fee required under paragraph (a), a driver's license agent may
30.10 charge and retain a filing fee as provided under section 171.061, subdivision 4.

30.11 (e) In addition to the fee required under paragraph (a), the commissioner shall
30.12 charge a filing fee at the same amount as a driver's license agent under section 171.061,
30.13 subdivision 4. Revenue collected under this paragraph must be deposited in the driver
30.14 services operating account.

30.15 (f) An application for a Minnesota identification card, instruction permit, provisional
30.16 license, or driver's license, including an application for renewal, must contain a provision
30.17 that allows the applicant to add to the fee under paragraph (a), a \$2 donation for the
30.18 purposes of public information and education on anatomical gifts under section 171.075.

30.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

30.20 **Sec. 5. [174.57] SNOW AND ICE CONTROL.**

30.21 The commissioner of transportation, upon written notification to the commissioner
30.22 of management and budget and the chairs and ranking minority members of the house
30.23 of representatives and senate committees having jurisdiction over transportation finance,
30.24 may transfer all or part of the unappropriated balance in the trunk highway fund to pay for
30.25 snow and ice management expenditures if the Department of Transportation spends more
30.26 than 110 percent of its biennial appropriation for snow and ice management. The amount
30.27 transferred is appropriated for the purposes of the account to which it is transferred.

30.28 Sec. 6. Minnesota Statutes 2014, section 219.015, subdivision 1, is amended to read:

30.29 Subdivision 1. **Positions established; duties.** (a) The commissioner of
30.30 transportation shall establish ~~three~~ a state rail safety ~~inspector positions in the Office~~
30.31 ~~of Freight and Commercial Vehicle Operations of the Minnesota Department of~~
30.32 ~~Transportation. On or after July 1, 2015, the commissioner may establish a fourth state~~
30.33 ~~rail safety inspector position following consultation with railroad companies. inspection~~
30.34 ~~program, consisting of up to nine positions.~~ The commissioner shall apply to and enter

31.1 into agreements with the Federal Railroad Administration (FRA) of the United States
 31.2 Department of Transportation to participate in the federal State Rail Safety Participation
 31.3 Program for training and certification of ~~an inspector~~ inspectors under authority of United
 31.4 States Code, title 49, sections 20103, 20105, 20106, and 20113, and Code of Federal
 31.5 Regulations, title 49, part 212.

31.6 (b) A state rail safety inspector ~~shall~~ may: (1) inspect mainline track, secondary
 31.7 track, and yard and industry track; (2) inspect railroad right-of-way, including adjacent or
 31.8 intersecting drainage, culverts, bridges, overhead structures, and traffic and other public
 31.9 crossings; (3) inspect yards ~~and~~, physical plants, and train equipment; (4) review and
 31.10 enforce safety requirements; (5) review maintenance and repair records; and (6) review
 31.11 railroad security measures.

31.12 (c) A state rail safety inspector may perform, but is not limited to, the duties
 31.13 described in the federal State Rail Safety Participation Program. An inspector may train,
 31.14 be certified, and participate in any of the federal State Rail Safety Participation Program
 31.15 disciplines, including: track, signal and train control, motive power and equipment,
 31.16 operating practices compliance, hazardous materials, and highway-rail grade crossings.

31.17 (d) To the extent delegated by the Federal Railroad Administration and authorized
 31.18 by the commissioner, an inspector may issue citations for violations of this chapter, or to
 31.19 ensure railroad employee and public safety and welfare.

31.20 Sec. 7. Minnesota Statutes 2014, section 219.015, subdivision 2, is amended to read:

31.21 Subd. 2. **Railroad company assessment; account; appropriation.** (a) As provided
 31.22 in this subdivision, the commissioner shall annually assess railroad companies that are:
 31.23 (1) defined as common carriers under section 218.011; (2) classified by federal law
 31.24 or regulation as Class I Railroads, Class I Rail Carriers, Class II Railroads, or Class II
 31.25 Carriers; and (3) operating in this state.

31.26 (b) The assessment must ~~be by a division of~~ allocate state rail safety ~~inspector~~
 31.27 inspection program costs in equal proportion between proportionally among carriers
 31.28 based on route miles operated in Minnesota, ~~assessed in equal amounts for 365 days of~~
 31.29 ~~the calendar year at the time of the assessment.~~ The commissioner shall assess for all
 31.30 ~~start-up or re-establishment costs, all related costs of initiating costs of~~ the state rail safety
 31.31 inspector program, ~~and ongoing state rail inspector duties~~ including but not limited to
 31.32 administration, supervision, travel, equipment, and training.

31.33 (c) ~~The~~ A state rail safety inspection account is created in the special revenue
 31.34 fund. The account consists of funds as provided by law, and any other money donated,
 31.35 allotted, transferred, or otherwise provided to the account. Assessments collected under

32.1 this subdivision must be deposited in a special account in the special revenue fund, to be
 32.2 known as the state rail safety inspection account. Money in the account is appropriated
 32.3 to the commissioner for the establishment and ongoing responsibilities of the state rail
 32.4 safety inspector inspection program.

32.5 Sec. 8. **[219.016] CRUDE OIL AND HAZARDOUS MATERIALS RAIL SAFETY**
 32.6 **ASSESSMENT.**

32.7 Subdivision 1. **Assessment.** (a) As provided in this section, the commissioner
 32.8 shall annually assess railroad companies that are: (1) defined as common carriers under
 32.9 section 218.011; (2) classified by federal law or regulation as Class I Railroads or Class
 32.10 I Rail Carriers; and (3) operating in this state. The total assessment amount under this
 32.11 section may not exceed \$32,500,000 annually.

32.12 (b) The assessment must be allocated proportionally among carriers based on route
 32.13 miles operated in Minnesota at the time of the assessment.

32.14 Subd. 2. **Account created; appropriation.** (a) A crude oil and hazardous materials
 32.15 rail safety account is created in the special revenue fund. The account consists of funds
 32.16 as provided by law, and any other money donated, allotted, transferred, or otherwise
 32.17 provided to the account. Assessments collected under this section must be deposited in
 32.18 the crude oil and hazardous materials rail safety account.

32.19 (b) Money in the account is appropriated to the commissioner for the planning,
 32.20 engineering, administration, and construction of highway-rail grade crossing
 32.21 improvements on rail corridors transporting crude oil and other hazardous materials.
 32.22 Improvements may include upgrades to existing protection systems, the closing of
 32.23 crossings and necessary roadwork, and reconstruction of at-grade crossings to full grade
 32.24 separations. Funds in the account are available until expended.

32.25 Sec. 9. Minnesota Statutes 2014, section 219.1651, is amended to read:

32.26 **219.1651 GRADE CROSSING SAFETY ACCOUNT.**

32.27 A Minnesota grade crossing safety account is created in the special revenue fund;
 32.28 consisting of money credited to the account by law. The account consists of funds as
 32.29 provided by law, and any other money donated, allotted, transferred, or otherwise provided
 32.30 to the account. Money in the account is appropriated to the commissioner of transportation
 32.31 for rail-highway grade crossing safety projects on public streets and highways, including
 32.32 planning, engineering costs, and other costs associated with the administration and delivery
 32.33 of grade crossing safety projects. At the discretion of the commissioner of transportation,
 32.34 money in the account at the end of each biennium may cancel to the trunk highway fund.

33.1 Sec. 10. Minnesota Statutes 2014, section 222.49, is amended to read:

33.2 **222.49 RAIL SERVICE IMPROVEMENT ACCOUNT; APPROPRIATION.**

33.3 The rail service improvement account is created in the special revenue fund ~~in~~
 33.4 ~~the state treasury.~~ The ~~commissioner shall deposit in this account all~~ consists of funds
 33.5 as provided by law, and any other money appropriated to or received by the department
 33.6 for the purpose of rail service improvement donated, allotted, transferred, or otherwise
 33.7 provided to the account, excluding bond proceeds as authorized by article XI, section 5,
 33.8 clause (i)₂ of the Minnesota Constitution. All money so deposited is appropriated to the
 33.9 department for expenditure for rail service improvement in accordance with applicable
 33.10 state and federal law. This appropriation shall not lapse but shall be available until the
 33.11 purpose for which it was appropriated has been accomplished. ~~No money appropriated to~~
 33.12 ~~the department for the purposes of administering the rail service improvement program~~
 33.13 ~~shall be deposited in the rail service improvement account nor shall such administrative~~
 33.14 ~~costs be paid from the account.~~

33.15 Sec. 11. Minnesota Statutes 2014, section 222.50, subdivision 6, is amended to read:

33.16 Subd. 6. **Grants.** The commissioner may approve grants from the rail service
 33.17 improvement account for ~~payment of up to 50 percent of the nonfederal share of the cost~~
 33.18 ~~of any rail line project under the federal rail service continuation program~~ freight rail
 33.19 service improvements that support economic development.

33.20 Sec. 12. Minnesota Statutes 2015 Supplement, section 222.50, subdivision 7, is
 33.21 amended to read:

33.22 Subd. 7. **Expenditures.** (a) The commissioner may expend money from the rail
 33.23 service improvement account for the following purposes:

33.24 (1) to make transfers as provided under section 222.57 or to pay interest adjustments
 33.25 on loans guaranteed under the state rail user and rail carrier loan guarantee program;

33.26 (2) to pay a portion of the costs of capital improvement projects designed to improve
 33.27 rail service of a rail user or a rail carrier;

33.28 (3) to pay a portion of the costs of rehabilitation projects designed to improve rail
 33.29 service of a rail user or a rail carrier;

33.30 (4) to acquire, maintain, manage, and dispose of railroad right-of-way pursuant to
 33.31 the state rail bank program;

33.32 (5) to provide for aerial photography survey of proposed and abandoned railroad
 33.33 tracks for the purpose of recording and reestablishing by analytical triangulation the
 33.34 existing alignment of the in-place track;

34.1 (6) to pay a portion of the costs of acquiring a rail line by a regional railroad
34.2 authority established pursuant to chapter 398A;

34.3 (7) to pay the state matching portion of federal grants for rail-highway grade
34.4 crossing improvement projects;

34.5 (8) ~~for expenditures made before July 1, 2017, to pay the state matching portion~~
34.6 ~~of grants under the federal Transportation Investment Generating Economic Recovery~~
34.7 ~~(TIGER) program of the United States Department of Transportation to pay the state~~
34.8 matching portion of federal grants for freight rail projects;

34.9 (9) to fund rail planning studies activities and other administrative and program
34.10 expenses; and

34.11 (10) to pay a portion of the costs of capital improvement projects designed to
34.12 improve capacity or safety at rail yards.

34.13 (b) All money derived by the commissioner from the disposition of railroad
34.14 right-of-way or of any other property acquired pursuant to sections 222.46 to 222.62 shall
34.15 be deposited in the rail service improvement account.

34.16 Sec. 13. Minnesota Statutes 2014, section 299D.03, subdivision 5, is amended to read:

34.17 Subd. 5. **Traffic fines and forfeited bail money.** (a) All fines and forfeited bail
34.18 money collected from persons apprehended or arrested by officers of the State Patrol
34.19 shall be transmitted by the person or officer collecting the fines, forfeited bail money,
34.20 or installments thereof, on or before the tenth day after the last day of the month in
34.21 which these moneys were collected, to the commissioner of management and budget.
34.22 Except where a different disposition is required in this subdivision or section 387.213, or
34.23 otherwise provided by law, three-eighths of these receipts must be deposited in the state
34.24 treasury and credited to the state general fund. The other five-eighths of these receipts
34.25 must be deposited in the state treasury and credited as follows: (1) the first \$1,000,000
34.26 \$2,500,000 in each fiscal year must be credited to the Minnesota grade crossing safety
34.27 account in the special revenue fund, and (2) remaining receipts must be credited to the state
34.28 trunk highway fund. If, however, the violation occurs within a municipality and the city
34.29 attorney prosecutes the offense, and a plea of not guilty is entered, one-third of the receipts
34.30 shall be deposited in the state treasury and credited to the state general fund, one-third of
34.31 the receipts shall be paid to the municipality prosecuting the offense, and one-third shall be
34.32 deposited in the state treasury and credited to the Minnesota grade crossing safety account
34.33 or the state trunk highway fund as provided in this paragraph. When section 387.213 also
34.34 is applicable to the fine, section 387.213 shall be applied before this paragraph is applied.

35.1 All costs of participation in a nationwide police communication system chargeable to the
35.2 state of Minnesota shall be paid from appropriations for that purpose.

35.3 (b) All fines and forfeited bail money from violations of statutes governing the
35.4 maximum weight of motor vehicles, collected from persons apprehended or arrested by
35.5 employees of the state of Minnesota, by means of stationary or portable scales operated
35.6 by these employees, shall be transmitted by the person or officer collecting the fines or
35.7 forfeited bail money, on or before the tenth day after the last day of the month in which the
35.8 collections were made, to the commissioner of management and budget. Five-eighths of
35.9 these receipts shall be deposited in the state treasury and credited to the state highway
35.10 user tax distribution fund. Three-eighths of these receipts shall be deposited in the state
35.11 treasury and credited to the state general fund.

35.12 Sec. 14. Minnesota Statutes 2014, section 360.013, is amended by adding a subdivision
35.13 to read:

35.14 Subd. 62. Unmanned aircraft system. "Unmanned aircraft system" means an
35.15 unmanned, powered aircraft that does not carry a human operator, can be autonomous or
35.16 remotely piloted or operated, and can be expendable or recoverable. Unmanned aircraft
35.17 system does not include a satellite orbiting the earth.

35.18 **EFFECTIVE DATE.** This section is effective January 1, 2017.

35.19 Sec. 15. Minnesota Statutes 2014, section 360.075, subdivision 1, is amended to read:

35.20 Subdivision 1. **Misdemeanor.** Every person who:

35.21 (1) operates an aircraft either on or over land or water in this state without the
35.22 consent of the owner of such aircraft;

35.23 (2) operates aircraft while in the possession of any federal license, certificate, or
35.24 permit or any certificate of registration issued by the ~~Transportation~~ Department of ~~this~~
35.25 ~~state~~ Transportation, or displays, or causes or permits to be displayed, such federal license,
35.26 certificate, or permit or such state certificate of registration, knowing either to have been
35.27 canceled, revoked, suspended, or altered;

35.28 (3) lends to, or knowingly permits the use of by, one not entitled thereto of any
35.29 federal airman's or aircraft license, certificate, or permit, or any state airman's or aircraft
35.30 certificate of registration issued to that person;

35.31 (4) displays or represents as the person's own any federal airman's or aircraft license,
35.32 certificate, or permit or any state airman's or aircraft certificate of registration not issued
35.33 to that person;

36.1 (5) tampers with, climbs upon or into, makes use of, or navigates any aircraft without
36.2 the knowledge or consent of the owner or person having control thereof, whether while the
36.3 same is in motion or at rest, or hurls stones or any other missiles at aircraft, or the occupants
36.4 thereof, or otherwise damages or interferes with the same, or places upon any portion of any
36.5 airport any object, obstruction, or other device tending to injure aircraft or parts thereof;

36.6 (6) uses a false or fictitious name, gives a false or fictitious address, knowingly
36.7 makes any false statement or report, or knowingly conceals a material fact, or otherwise
36.8 commits a fraud in any application or form required under the provisions of sections
36.9 360.011 to 360.076, or by any rules or orders of the commissioner;

36.10 (7) operates any aircraft in such a manner as to indicate either a willful or a wanton
36.11 disregard for the safety of persons or property;

36.12 (8) carries on or over land or water in this state in an aircraft other than a public
36.13 aircraft any explosive substance except as permitted by ~~the Federal Explosives Act, being~~
36.14 ~~the Act of October 6, 1917, as amended by Public Law 775, 77th Congress, approved~~
36.15 ~~November 24, 1942~~ United States Code, title 18, chapter 40, and Code of Federal
36.16 Regulations, title 27, part 555;

36.17 (9) discharges a gun, pistol, or other weapon in or from any aircraft in this state
36.18 except as the hunting of certain wild animals from aircraft may be permitted by other laws
36.19 of this state, or unless the person is the pilot or officer in command of the aircraft or a
36.20 peace officer or a member of the military or naval forces of the United States, engaged in
36.21 the performance of duty;

36.22 (10) carries in any aircraft, other than a public aircraft, any shotgun, rifle, pistol, or
36.23 small arms ammunition except in the manner in which such articles may be lawfully carried
36.24 in motor vehicles in this state, or is a person excepted from the provisions of clause (9);

36.25 (11) engages in acrobatic or stunt flying without being equipped with a parachute
36.26 and without providing any other occupants of the aircraft with parachutes and requiring
36.27 that they be worn;

36.28 (12) while in flying over a thickly inhabited area or over a public gathering in this
36.29 state, engages in trick or acrobatic flying or in any acrobatic feat;

36.30 (13) except while in landing or taking off, flies at such low levels as to endanger
36.31 persons on the surface beneath, or engages in advertising through the playing of music
36.32 or transcribed or oral announcements, or makes any noise with any siren, horn, whistle,
36.33 or other audible device which is not necessary for the normal operation of the aircraft,
36.34 except that sound amplifying devices may be used in aircraft when operated by or under
36.35 the authority of any agency of the state or federal government for the purpose of giving
36.36 warning or instructions to persons on the ground;

37.1 (14) drops any object, except loose water, loose fuel, or loose sand ballast, without
37.2 the prior written consent of the commissioner of transportation and the prior written
37.3 consent of the municipality or property owner where objects may land; drops objects
37.4 from an aircraft that endanger person or property on the ground, or drops leaflets for any
37.5 purpose whatsoever; or

37.6 (15) while in flight in an aircraft, whether as a pilot, passenger, or otherwise,
37.7 endangers, kills, or attempts to kill any birds or animals or uses any aircraft for the purpose
37.8 of concentrating, driving, rallying, or stirring up migratory waterfowl;
37.9 except as may be permitted by other laws of this state, shall be guilty of a misdemeanor.

37.10 **EFFECTIVE DATE.** This section is effective January 1, 2017, and applies to
37.11 offenses committed on or after that date.

37.12 Sec. 16. Minnesota Statutes 2014, section 360.075, is amended by adding a subdivision
37.13 to read:

37.14 Subd. 8. **Unmanned aircraft system operations.** Every person who:

37.15 (1) operates an unmanned aircraft system either on or over land or water in this state
37.16 without the consent of the owner of such aircraft;

37.17 (2) knowingly operates an unmanned aircraft system with a certificate of registration
37.18 issued by the commissioner of transportation that is canceled, revoked, suspended, or
37.19 altered;

37.20 (3) operates any unmanned aircraft system in such a manner as to indicate either a
37.21 willful or a wanton disregard for the safety of persons or property;

37.22 (4) carries on or over land or water in this state in an aircraft other than a public
37.23 aircraft any explosive substance except as permitted by United States Code, title 18,
37.24 chapter 40, and Code of Federal Regulations, title 27, part 555;

37.25 (5) launches or recovers an unmanned aircraft system from state or private property
37.26 without consent; or

37.27 (6) interferes with manned aircraft by willfully damaging, disrupting the operations
37.28 of, or otherwise interfering with a manned aircraft while taking off, landing, in flight, or
37.29 otherwise in motion, through the use of an unmanned aircraft system;

37.30 except as may be permitted by other laws of this state, is guilty of a misdemeanor.

37.31 **EFFECTIVE DATE.** This section is effective January 1, 2017, and applies to
37.32 offenses committed on or after that date.

38.1 Sec. 17. Minnesota Statutes 2014, section 360.075, is amended by adding a subdivision
38.2 to read:

38.3 Subd. 9. **Gross misdemeanor.** Every person who commits any of the acts specified
38.4 in subdivision 8 for a second or subsequent time is guilty of a gross misdemeanor.

38.5 **EFFECTIVE DATE.** This section is effective January 1, 2017, and applies to
38.6 offenses committed on or after that date.

38.7 Sec. 18. Minnesota Statutes 2014, section 360.075, is amended by adding a subdivision
38.8 to read:

38.9 Subd. 10. **Careless or reckless operation.** Every person who operates an unmanned
38.10 aircraft system in the air or on the ground or water, in a careless or reckless manner so as
38.11 to endanger the life or property of another, is guilty of a misdemeanor.

38.12 **EFFECTIVE DATE.** This section is effective January 1, 2017, and applies to
38.13 offenses committed on or after that date.

38.14 Sec. 19. Minnesota Statutes 2014, section 360.55, is amended by adding a subdivision
38.15 to read:

38.16 Subd. 9. **Unmanned aircraft system.** (a) An unmanned aircraft system operated for
38.17 commercial purposes must be registered for an annual fee of \$25 and provide proof of a
38.18 sales tax payment. An unmanned aircraft system registered under this paragraph is not
38.19 subject to the taxes and fees provided in sections 360.511 to 360.67.

38.20 (b) An unmanned aircraft system operated for private, noncommercial purposes is
38.21 not subject to registration and fee requirements under this subdivision, or to taxes and fees
38.22 under sections 360.511 to 360.67.

38.23 (c) An unmanned aircraft system owned and operated by a governmental entity
38.24 must be registered for an annual fee of \$25 and provide proof of a sales tax payment. An
38.25 unmanned aircraft system registered under this paragraph is not subject to the taxes and
38.26 fees provided in sections 360.511 to 360.67.

38.27 **EFFECTIVE DATE.** This section is effective January 1, 2017.

38.28 Sec. 20. **[360.591] UNMANNED AIRCRAFT SYSTEM; COMMERCIAL USE**
38.29 **PERMIT.**

38.30 Subdivision 1. **Permit required.** A person is prohibited from operating an
38.31 unmanned aircraft system for a commercial purpose in this state unless the person
38.32 possesses a valid commercial operator permit issued by the Department of Transportation

39.1 for the unmanned aircraft system being operated. An operator must apply for the permit
39.2 from the department in the manner provided by the department.

39.3 Subd. 2. **Permit requirements; eligibility.** In order to be eligible for a commercial
39.4 operator permit under this section, a person must:

39.5 (1) be at least 17 years of age;

39.6 (2) possess a valid driver's license;

39.7 (3) pass a knowledge test for operating an unmanned aircraft system;

39.8 (4) register and pay the fee under section 360.55, subdivision 9, paragraph (a); and

39.9 (5) satisfy all other applicable state or federal regulations.

39.10 Subd. 3. **Knowledge test.** (a) The department must develop and administer a testing
39.11 program that complies with all applicable federal regulations for issuance of commercial
39.12 operator permits for unmanned aircraft systems.

39.13 (b) The testing program must include:

39.14 (1) a permit application process, including a requirement that the department provide
39.15 notice to an applicant of the department's permit issuance decision no later than ten days
39.16 from the date the department receives the application;

39.17 (2) technical guidance for complying with program requirements;

39.18 (3) criteria the department must use when determining whether to suspend or revoke
39.19 a permit;

39.20 (4) criteria the department must use when determining whether to waive permitting
39.21 requirements for applicants currently holding a valid license or a permit to operate
39.22 unmanned aircraft systems issued by another state or territory of the United States, the
39.23 District of Columbia, or the United States; and

39.24 (5) requirements for marking each unmanned aircraft system to identify the owner of
39.25 the system and the person issued a permit to operate it under this section.

39.26 Subd. 4. **Unlawful commercial operations.** A person who operates an unmanned
39.27 aircraft system for commercial purposes in violation of this section is guilty of a
39.28 misdemeanor.

39.29 Subd. 5. **Liability insurance required.** In order to operate an unmanned aircraft
39.30 system for commercial purposes in Minnesota, a person must carry liability insurance
39.31 protecting third parties for both personal injury and property damage.

39.32 Subd. 6. **Rulemaking.** The department is authorized to adopt rules to implement the
39.33 provisions of this section.

39.34 **EFFECTIVE DATE.** This section is effective January 1, 2017.

40.1 Sec. 21. **MINNESOTA LICENSE AND REGISTRATION SYSTEM**40.2 **OPERATING COSTS; REPORT.**

40.3 Before January 1, 2019, the commissioners of public safety and MN.IT services
40.4 must submit a report documenting the costs of operating the new Minnesota License
40.5 and Registration System, including any recommendations for ongoing funding, to the
40.6 legislative committees having jurisdiction over transportation and public safety policy
40.7 and finance.

APPENDIX
Article locations in 16-7099

ARTICLE 1	TRANSPORTATION APPROPRIATIONS	Page.Ln 1.19
ARTICLE 2	BONDING	Page.Ln 12.11
ARTICLE 3	MOTOR FUELS GROSS RECEIPTS TAX	Page.Ln 14.17
ARTICLE 4	METROPOLITAN AREA TRANSIT SALES AND USE TAX	Page.Ln 22.1
ARTICLE 5	TRANSPORTATION POLICY AND FINANCE	Page.Ln 26.8

APPENDIX
Repealed Minnesota Statutes: 16-7099

473.4051 LIGHT RAIL TRANSIT CONSTRUCTION AND OPERATION.

Subd. 2. **Operating costs.** After operating revenue and federal money have been used to pay for light rail transit operations, 50 percent of the remaining operating costs must be paid by the state.