

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 625

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DATE	D-PG	OFFICIAL STATUS
02/04/2021	245	Introduction and first reading Referred to Transportation Finance and Policy
02/11/2021		Comm report: To pass as amended and re-refer to Taxes Authors added Coleman; Duckworth; Jasinski; Newman

1.1 A bill for an act

1.2 relating to transportation; creating the township road improvement grant program;

1.3 modifying allocation of state general sales tax revenue related to motor vehicle

1.4 repair and replacement parts; dedicating sales tax revenue to small cities assistance

1.5 program and township road improvement grant program; appropriating money;

1.6 amending Minnesota Statutes 2020, section 297A.94; proposing coding for new

1.7 law in Minnesota Statutes, chapter 174.

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

1.9 Section 1. **[174.523] TOWNSHIP ROAD IMPROVEMENT GRANT PROGRAM;**

1.10 **APPROPRIATIONS.**

1.11 Subdivision 1. Township road improvement accounts. (a) A township road

1.12 improvement account is created in the special revenue fund in the state treasury. The account

1.13 consists of money transferred to the fund by law and any other money donated, allotted,

1.14 transferred, or otherwise provided to the account. Money in the account is appropriated to

1.15 the commissioner for grants, as provided in this section.

1.16 (b) A township road improvement account is created in the bond proceeds fund. The

1.17 account consists of state bond proceeds and is appropriated to the commissioner for grants

1.18 under this section. Grants from this account may only be expended for purposes that are

1.19 permitted under the Minnesota Constitution, article XI, section 5.

1.20 Subd. 2. Advisory committee. (a) The commissioner shall establish a township road

1.21 improvement advisory committee consisting of five members, including:

1.22 (1) three township officers; and

1.23 (2) two engineers who do work for townships.

2.1 (b) The advisory committee shall provide recommendations to the commissioner
 2.2 regarding expenditures from the accounts established in this section.

2.3 Subd. 3. **Grant procedures and criteria.** The commissioner shall establish procedures
 2.4 for towns to apply for grants or loans from the accounts created under subdivision 1 and
 2.5 criteria to be used to select projects for funding. The commissioner shall establish these
 2.6 procedures and criteria in consultation with representatives of the Minnesota Association
 2.7 of Townships and the appropriate state agency as needed. The criteria for determining
 2.8 project priority and the amount of a grant or loan must be based on consideration of:

2.9 (1) the availability of other state, federal, and local funds;

2.10 (2) the effectiveness of the proposed project in eliminating a transportation system
 2.11 deficiency;

2.12 (3) the number of people who will be positively impacted by the project;

2.13 (4) the project's contribution to local, regional, or state economic development or
 2.14 redevelopment efforts, including livestock or other agricultural operations, logging, and
 2.15 mining; and

2.16 (5) the ability of the town to adequately provide for the safe operation and maintenance
 2.17 of the road or facility upon project completion.

2.18 Subd. 4. **Administrative costs.** A sum of 0.25 percent of the total amount in the accounts
 2.19 created under subdivision 1, other than deposited amounts from the proceeds from the sale
 2.20 of state bonds, is available to be used for administrative costs incurred by the department
 2.21 in carrying out the provisions of this section.

2.22 Sec. 2. Minnesota Statutes 2020, section 297A.94, is amended to read:

2.23 **297A.94 DEPOSIT OF REVENUES.**

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

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

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

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

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

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

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

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

3.13 (d) Beginning with sales taxes remitted after July 1, 2017, the commissioner shall deposit
3.14 in the state treasury the revenues collected under section 297A.64, subdivision 1, including
3.15 interest and penalties and minus refunds, and credit them to the highway user tax distribution
3.16 fund.

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

3.22 (f) Beginning with sales taxes remitted after July 1, 2017, in conjunction with the deposit
3.23 of revenues under paragraph (d), the commissioner shall deposit into the state treasury and
3.24 credit to the highway user tax distribution fund an amount equal to the estimated revenues
3.25 derived from the tax rate imposed under section 297A.62, subdivision 1, on the lease or
3.26 rental for not more than 28 days of rental motor vehicles subject to section 297A.64. The
3.27 commissioner shall estimate the amount of sales tax revenue deposited under this paragraph
3.28 based on the amount of revenue deposited under paragraph (d).

3.29 ~~(g) Starting after July 1, 2017, the commissioner shall deposit an amount of the~~
3.30 ~~remittances monthly into the state treasury and credit them to the highway user tax~~
3.31 ~~distribution fund as a portion of the estimated amount of taxes collected from the sale and~~
3.32 ~~purchase of motor vehicle repair parts in that month. For the remittances between July 1,~~
3.33 ~~2017, and June 30, 2019, the monthly deposit amount is \$2,628,000. For remittances in~~

4.1 ~~each subsequent fiscal year, the monthly deposit amount is \$12,137,000. The commissioner~~
4.2 ~~must deposit the revenues derived from the taxes imposed on the sale and purchase of motor~~
4.3 ~~vehicle repair and replacement parts in the state treasury and credit:~~

4.4 (1) 54 percent to the highway user tax distribution fund;

4.5 (2) three percent to the small cities assistance account in the special revenue fund
4.6 established under section 162.145;

4.7 (3) three percent to the township road improvement account in the special revenue fund
4.8 established under section 174.523; and

4.9 (4) the remainder to the general fund.

4.10 For purposes of this paragraph, "motor vehicle" has the meaning given in section 297B.01,
4.11 subdivision 11, and "motor vehicle repair and replacement parts" includes (i) all parts, tires,
4.12 accessories, and equipment incorporated into or affixed to the motor vehicle as part of the
4.13 motor vehicle maintenance and repair, and (ii) paint, oil, and other fluids that remain on or
4.14 in the motor vehicle as part of the motor vehicle maintenance or repair. For purposes of this
4.15 paragraph, "tire" means any tire of the type used on highway vehicles, if wholly or partially
4.16 made of rubber and if marked according to federal regulations for highway use.

4.17 (h) 72.43 percent of the revenues, including interest and penalties, transmitted to the
4.18 commissioner under section 297A.65, must be deposited by the commissioner in the state
4.19 treasury as follows:

4.20 (1) 50 percent of the receipts must be deposited in the heritage enhancement account in
4.21 the game and fish fund, and may be spent only on activities that improve, enhance, or protect
4.22 fish and wildlife resources, including conservation, restoration, and enhancement of land,
4.23 water, and other natural resources of the state;

4.24 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may
4.25 be spent only for state parks and trails;

4.26 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may
4.27 be spent only on metropolitan park and trail grants;

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

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

5.1 (i) The revenue dedicated under paragraph (h) may not be used as a substitute for
5.2 traditional sources of funding for the purposes specified, but the dedicated revenue shall
5.3 supplement traditional sources of funding for those purposes. Land acquired with money
5.4 deposited in the game and fish fund under paragraph (h) must be open to public hunting
5.5 and fishing during the open season, except that in aquatic management areas or on lands
5.6 where angling easements have been acquired, fishing may be prohibited during certain times
5.7 of the year and hunting may be prohibited. At least 87 percent of the money deposited in
5.8 the game and fish fund for improvement, enhancement, or protection of fish and wildlife
5.9 resources under paragraph (h) must be allocated for field operations.

5.10 (j) The commissioner must deposit the revenues, including interest and penalties minus
5.11 any refunds, derived from the sale of items regulated under section 624.20, subdivision 1,
5.12 that may be sold to persons 18 years old or older and that are not prohibited from use by
5.13 the general public under section 624.21, in the state treasury and credit:

5.14 (1) 25 percent to the volunteer fire assistance grant account established under section
5.15 88.068;

5.16 (2) 25 percent to the fire safety account established under section 297I.06, subdivision
5.17 3; and

5.18 (3) the remainder to the general fund.

5.19 For purposes of this paragraph, the percentage of total sales and use tax revenue derived
5.20 from the sale of items regulated under section 624.20, subdivision 1, that are allowed to be
5.21 sold to persons 18 years old or older and are not prohibited from use by the general public
5.22 under section 624.21, is a set percentage of the total sales and use tax revenues collected in
5.23 the state, with the percentage determined under Laws 2017, First Special Session chapter
5.24 1, article 3, section 39.

5.25 (k) The revenues deposited under paragraphs (a) to (j) do not include the revenues,
5.26 including interest and penalties, generated by the sales tax imposed under section 297A.62,
5.27 subdivision 1a, which must be deposited as provided under the Minnesota Constitution,
5.28 article XI, section 15.

5.29 Sec. 3. **EFFECTIVE DATE.**

5.30 This act is effective July 1, 2021.