

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 1255

DATE: March 31, 2003

Version: As introduced

Authors: Erhardt and Juhnke

Subject: Transportation funding: gas tax increase, metro-area sales tax, bonding

Analyst: John Williams, 651-296-5045

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Overview

This bill increases the gas tax by 8 cents per gallon and adds an additional variable gas tax to pay debt service on a \$1.24 billion trunk highway bond issue. It authorizes a 1/2 cent sales tax in 11 metropolitan-area counties to fund transportation projects if approved in a referendum. It provides a new formula for allocating the new revenue to the county state-aid highway fund, but leaves formula percentages unspecified. It authorizes general obligation bonding for local bridge replacement, town road sign replacement, local road improvements, and road-related wetland replacement.

Article 1

County state-aid highway system

Section

- 1** **County state-aid distribution formula.** Specifies a new formula for distributing revenue to the county state-aid highway fund resulting from the increased and additional gas taxes in article 2. The new formula uses the same factors as the existing formula, but leaves percentages for each factor unspecified.
- 2** **See section 1.**
- 3** **See section 1.**

Section

Article 2

Motor Fuel taxes

1 **Fuel taxes.** Increases the tax on gasoline and diesel fuel from 20 to 28 cents per gallon and makes proportionate increases in taxes on alternative fuels.

Imposes an additional tax on motor fuels, calculated in an amount each year to pay debt service on the trunk highway bond issue under section 5.

2 **See section 1.**

3 **See section 1.**

4 **See section 1.**

5 5 **Bond issue.** Authorizes issuance of \$1.24 billion in state trunk highway bonds.

6 6 **Appropriations.** Appropriates revenue from the increased and additional motor fuel tax to trunk highways, county state-aid highways, and municipal state-aid streets. Specifies division of the appropriation for trunk highways between trunk highway improvements and debt service on the bond issue under section 5.

7 7 **Transition.** Provides for collection of the additional fuel tax in FY 2004.

8 8 **Effective date.** Makes the article effective July 1, 2003.

Article 3

Metropolitan transportation

1 **Sales tax.** Authorizes a .5 percent sales tax in Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright counties, if approved by a majority of all voters in the 11-county area at the November, 2003, general election.

Dedicates the revenue to a metropolitan transportation fund which is appropriated 25 percent to the metropolitan council for transit capital projects and 75 percent to the department of transportation for trunk highway improvements, bottleneck alleviation, and capacity expansion in the 11-county area.

Provides that if approved the tax expires June 30, 2014.

2 **See section 1.**

3 **See section 1.**

4 **See section 1.**

5 **See section 1.**

6 **See section 1.**

7 **See section 1.**

Section

8 **See section 1.**

Article 4

Transportation improvements

1 **Appropriations.** Makes the following appropriations from bond proceeds:

- ▶ \$20 million to department of transportation for local bridge replacement and rehabilitation grants
- ▶ \$1 million to department of transportation for grants to towns to replace town road signs
- ▶ \$760 million to department of transportation for major local projects account in the local road improvement fund (see section 5)
- ▶ \$2.7 million to board of water and soil resources for road-related wetland replacement

2 **See section 1.**

3 **See section 1.**

4 4 **Bond authorization.** Authorizes \$763.7 million in state general obligation bonds for the projects in sections 1-3.

5 **Major local improvements account.** Establishes a major local improvements account in the local road improvement fund, for county and city projects that have a cost equal to 100 percent of a county's allocation in the county state-aid construction account averaged over three years (for county projects) or 100 percent of a city's municipal state-aid construction account allocation (for municipal state-aid cities). For cities not in the municipal state-aid system, the qualification would be the average county state-aid money needs for county state-aid highways in the city.

6 **See section 5.**

7 **Effective date.** Makes the article effective July 1, 2003.