

HOUSE RESEARCH

Bill Summary

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Overview

This bill raises the gasoline tax by 6 cents per gallon, abolishes caps on auto license taxes and provides a new depreciation schedule for autos, provides a new formula for distributing the county state-aid highway fund's share of the new gas tax and license tax revenue, reduces the highway user tax distribution fund's share of motor vehicle sales tax revenue from 32 percent to 12 percent over five years and gives those percentages to a new transitways fund, and authorizes a .5 percent sales tax in 11 metropolitan-area counties for highways and transit if authorized in a regional referendum.

Section

- 1 **County state-aid formula.** Defines "excess sum" in the county state-aid distribution formula as the revenue from fuel taxes above those in effect on January 1, 2003. Defines "apportionment sum" as all other revenue to the county state-aid highway fund.
- 2 **County state-aid formula.** Apportions the "apportionment sum" according to the existing county state-aid formula (10 percent equal distribution, 10 percent vehicle population, 30 percent state-aid lane miles, 50 percent money needs).
- 3 **County state-aid formula.** Apportions the "excess sum" according to a new formula: 50 percent population, 50 percent money needs.
- 4 **Automobile license taxes.** Repeals current maximums on passenger auto license taxes and provides for anew depreciation formula:

Section

Year of Vehicle Life	Current schedule (% of base value on which tax is applied)	Proposed schedule
1	100%	100%
2	100%	80%
3	90%	70%
4	90%	60%
5	75%	50%
6	75%	40%
7	60%	35%
8	40%	30%
9	30%	20%
10	10%	10%
11+	Minimum tax	Minimum tax

5 Transitways fund. Creates a transitways fund in the state treasury, for appropriation in the following order of priority:

- ▶ debt service on bonds for transitways, including vehicles
- ▶ operating assistance to transit service on transitways
- ▶ other transit capital improvements
- ▶ operating assistance for regular route bus transit service provided or operated by the metropolitan council or the department of transportation on routes other than transitways

De Defines "transitway" as facilities dedicated exclusively for public transit vehicles, including reserved lanes on highways.

6 Gasoline tax. Raises the gasoline tax from 20 to 26 cents per gallon, with proportionate increases in the taxes on E-85 and M-85.

8 8 Motor vehicle sales tax revenue. Reduces the percentage of motor vehicle sales tax revenue dedicated to the highway user tax distribution fund (presently 32 percent) and transfers these percentages to the transitways fund:

FY	HUTDF	Transitways Fund
2004	28	4
2005	22	10
2006	16	16
2007	14	18
2008 and after	12	20

9 9 Metropolitan transportation sales tax - application. Defines the "metropolitan area for purposes of sections 9 to 15 as Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey,

Section

Scott, Sherburne, Washington, and Wright counties.

- 10 10 Highway spending.** Provides that during the time when the metropolitan transportation sales tax in is in effect, the percentage of spending on trunk highway projects in the metropolitan area may not vary by more than two percent from the average of the past five years.
- 11 11 Sales tax.** Imposes a .5 percent sales tax in the 11-county metropolitan area.
- 12 12 Motor vehicle sales tax.** Imposes a \$20 motor vehicle sales tax in the 11-county metropolitan area.
- 13 13 Tax collection.** Provides that the sales tax will be collected in the same manner as other sales taxes.
- 14 14 Metropolitan transportation fund.** Dedicates revenue from the sales tax to a metropolitan transportation fund. Allocates money in the fund 75 percent to MnDOT for highway improvements in the area and 25 percent to the metropolitan council for transit capital improvements.
- 15 15 Application.** Specifies that sections 9 to 14 apply in the named counties.
- 16 16 Appropriations.** Appropriates money from the trunk highway bond sale in section 17 for trunk highway improvements:
- ▶ FY 2004, \$160 million
 - ▶ FY 2005, \$300 million
 - ▶ FY 2006, \$240 million
 - ▶ FY 2007, \$250 million
 - ▶ FY 2008, \$250 million
- 17 17 Bond sale.** Authorizes sale of \$1.2 billion in trunk highway bonds.
- 18 18 Effective dates, referendum, sunset.** Makes sections 1-3, 5, 8, and 16-17 effective July 1, 2003. Makes section 4 (auto registration taxes) effective beginning in registration year 2004. Makes sections 9-15 effective for sales on and after July 1, 2004, but only if approved in a regional referendum in November, 2003. Provides that if approved the tax expires June 30, 2014.