

HOUSE RESEARCH

Bill Summary

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Overview

This bill authorizes and appropriates highway bonding in three parts: \$15 million is for highway design and engineering, \$35 million is also for highway design and engineering, and \$2.45 billion is for highway construction. The latter two authorizations are only effective upon adoption of the proposed constitutional amendment dedicating all motor vehicle sales tax (MVST) revenues to transportation.

The bill also creates a motor vehicle sales tax collection account to cover debt service on the bonds, and establishes statutory language governing the constitutional phase-in of MVST revenues allocated to transportation.

Section

- 1 Highway bonding and appropriation.** Authorizes and appropriates \$15 million in trunk highway bonds, to be used for trunk highway design and engineering as well as the costs of right-of-way acquisition, leases, interest subsidies, and relocation expenses. Appropriates \$15,000 to the Commissioner of Finance for the expenses of selling bonds.
- 2 Highway bonding and appropriation.** Authorizes and appropriates \$35 million in trunk highway bonds, to be used for trunk highway design and engineering as well as the costs of right-of-way acquisition, leases, interest subsidies, and relocation expenses. Appropriates \$35,000 to the Commissioner of Finance for the expenses of selling bonds.

Section

- 3 Highway bonding and appropriation.** Authorizes and appropriates \$2.45 billion in trunk highway bonds, to be used for construction, reconstruction, and improvement of trunk highways, including costs of right-of-way acquisition, leases, interest subsidies, and relocation expenses. Up to \$375 million may be used by Mn/DOT for design and engineering. Appropriates \$15,000 to the Commissioner of Finance for the expenses of selling bonds.
- 4 Motor vehicle sales tax collection account.** Creates a motor vehicle sales tax collection account, consisting of proceeds from the motor vehicle sales tax. Money in the account is for debt service on the bonds issued in sections 2 and 3.
- 5 Allocation of revenue.** Establishes an implementation schedule that allocates MVST revenue based on the phase-in outlined in the proposed constitutional amendment to dedicate all MVST revenue to transportation.

Annually increases, from fiscal year 2008 through fiscal year 2011, the percentage of MVST revenue going to the highway user tax distribution fund, the Metropolitan Council for metro area transit, and Mn/DOT for greater Minnesota transit increases annually. Decreases the amount going to the general fund by a corresponding amount.

In fiscal year 2012 and thereafter, MVST revenues are allocated as follows:

- 60 percent to the Highway User Tax Distribution Fund;
 - 38 percent to the Metropolitan Council for metropolitan transit; and
 - 2 percent to Mn/DOT for greater Minnesota transit.
- 6 Contingent effective date.** Makes the provisions in sections 2 to 5 effective only if the constitutional amendment dedicating all motor vehicle sales tax revenue to transportation is adopted.