

# HOUSE RESEARCH

## Bill Summary

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### Overview

This is the transportation finance omnibus bill.

#### Article 1: Transportation Finance

### Overview

This article appropriates money for transportation projects totaling \$131.4 million for fiscal year 2007, consisting of \$88 million from the trunk highway fund and \$43.4 million in bonds. It also creates a transit fund, dedicates motor vehicle sales taxes on leases to transportation, and amends the constitutional amendment proposal dedicating all motor vehicle sales tax (MVST) revenue to transportation so that 60 percent of the revenue is dedicated to highways and 40 percent goes to transit.

#### Section

- 1 Appropriations.** Total appropriations are \$131.4 million for fiscal year 2007.
- 2 Transportation.** Total appropriation of \$121.2 million to the commissioner of transportation.

**Subd. 2. Infrastructure investment support.** \$5 million from the trunk highway fund for design and engineering of trunk highway projects listed federally as a high

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priority.

**Subd. 3. State road construction.** \$83 million from the trunk highway fund for construction and improvement of trunk highways, with \$50 million to be used only for projects listed federally as a high priority.

**Subd. 4. Mankato headquarters.** \$18.2 million from bond proceeds for a new Mn/DOT district headquarters.

**Subd. 5. Trunk highway program delivery.** \$15 million from bond proceeds for design and engineering of trunk highway projects.

3 **Administration.** \$10.2 million for renovation of the transportation building exterior.

4 **Finance.** \$41,000 for bond sale expenses.

5 **Bond sale authorization.** Authorizes the sale of trunk highway bonds.

6 **Transit fund.** Creates a Transit Fund, and converts the Greater Minnesota Transit Fund and the Metropolitan Area Transit Fund into accounts within the Transit Fund. This section is conditionally effective upon passage of the constitutional amendment dedicating all motor vehicle sales tax revenue to transportation.

7 **Deposit of revenues, motor vehicle leases.** Requires that beginning with revenues collected on or after July 1, 2007, the revenues collected from the sales tax on motor vehicle leases be dedicated to the highway and transit funds in the same manner and proportions as MVST revenues.

8 **Deposit of revenues, motor vehicle leases.** Requires the commissioner of revenue to deposit revenues collected under section 7 as provided for in that section.

9 **Constitutional amendment proposed.** Changes the constitutional amendment proposal dedicating all MVST revenue to transportation, so that 60 percent of the revenue is dedicated to highways and 40 percent goes to transit.

10 **Constitutional ballot question.** Amends the ballot question for the constitutional amendment dedicating all MVST revenue to transportation, to clarify that the sales tax on motor vehicles is an existing one.

11 **Ballot placement.** Directs the secretary of state to place the constitutional amendment question dedicating all MVST revenue to transportation first on the 2006 general election ballot.

12 **Action concerning ballot question.** States that even if a court invalidates the change in this bill to the constitutional amendment language (dedicating all MVST revenues to transportation), the intent of the legislature is to retain the change made by the 2006 legislature to the associated ballot question.

13 **Action concerning proposed constitutional amendment.** Requires that any legal action regarding the constitutional amendment proposal dedicating all MVST revenues to transportation must be filed within 30 days of adjournment of the legislature. The Supreme Court must expedite the case, and final disposition must occur before the 2006 general election by at least four weeks.

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**14**      **Effective date.** Makes the article effective July 1, 2006, unless otherwise provided.

**Article 2: Trunk Highway Bonding**

**Overview**

This is the governor's bonding package. It authorizes and appropriates \$2.485 billion in bonds for trunk highway projects, and allocates new revenue resulting from the proposed constitutional dedication of all motor vehicle sales tax (MVST) revenue to transportation. All of the provisions in this article are conditionally effective upon passage of the constitutional amendment dedicating all MVST revenue to transportation.

**1 1**      **Appropriations.** Authorizes appropriations for the purposes specified in each section.

**2**      **Transportation.** Total appropriation of \$2.485 billion to the commissioner of transportation.

**Subd. 2. Trunk highway program delivery.** \$35 million from bond proceeds for design and engineering of trunk highway projects.

**Subd. 3. Trunk highway construction.** \$2.45 billion from bond proceeds for construction and improvement of trunk highways.

**3**      **Finance.** \$2.5 million for bond sale expenses.

**4**      **Motor vehicle sales tax collection account.** Creates a motor vehicle sales tax collection account in the trunk highway fund, to be spent on debt service for the bonding in section 2. Money from MVST will be deposited in this account beginning July 1, 2007.

**5**      **Allocation of revenue.** Modifies the allocation of MVST revenues so that starting in fiscal year 2012, after a phase-in, the revenue is distributed as follows:

- 60 percent goes to the highway user tax distribution fund, with 46.5 percent of the amount that is allocated to trunk highways (from the highway user tax distribution fund) deposited in the motor vehicle sales tax collection account;
- 40 percent goes into the transit fund, for transit purposes.

The phase-in to this allocation begins July 1, 2007.

**6**      **Bond sale authorization.** Authorizes the sale of trunk highway bonds.

**7**      **Effective date.** Makes the provisions in this article conditionally effective upon passage of the constitutional amendment dedicating all MVST revenue to transportation.

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**Article 3: Transportation Policy**

**Overview**

This article modifies and creates various transportation provisions, including ones relating to: repeal of authority to create new toll roads, the town bridge account, large highway construction contract requirements, retrieval of towed vehicle contents, definition of recreational vehicle combination, tow truck regulations, vehicle weight limits, the Minnesota rail service improvement program, fuel use associated with all-terrain vehicles, international economic development zones, Metropolitan Council transit contracts, construction of Trunk Highway 60, reports on highway construction, and a long-range transportation study.

- 1 **1 Toll facilities prohibited.** Prohibits MnDOT from imposing tolls for use of highways or bridges, except for: (1) bridges connecting a highway with an adjacent state, and (2) highways or highway lanes that already have a toll imposed as of July 1, 2006.
- 2 **2 Town bridges and culverts, town road account.** Changes one of the eligibility criteria for receiving funds from the town bridge account by raising the net tax capacity cut-off from \$200,000 to \$300,000. Currently, towns can only be reimbursed for those engineering costs over \$10,000, but if the town has a net tax capacity under \$200,000 then it can be reimbursed for all engineering costs.
- 3 **Minnesota based companies.** Requires that MnDOT only award construction contracts to a company that is based in Minnesota when the contract is at least \$150,000,000 and the total project cost is at least \$200,000,000.
- 4 **Satisfaction of automobile lien seven years old; release.** Removes expiration after seven years of a security interest in a vehicle, and also removes a provision for extending the security. Bases automobile lien cancellation upon request of the vehicle owner, who must attempt to contact the lienholder to obtain a lien release.
- 5 **Contents; notice given within five days.** Requires impound lot operators to provide a notice to owners of impounded vehicles stating that the owner may retrieve vehicle contents. Makes technical changes.
- 6 **Retrieval of contents.** Allows a person whose vehicle was impounded to retrieve contents from the vehicle without being charged for it, and lets impound lot operators (including units of government) to develop a procedure for content retrieval. This does not include auto parts, accessories, or audio/video players that are permanently affixed to the vehicle.
- 7 **Recreational vehicle combination.** Adds motorized golf carts to the list of vehicles that can be towed on a trailer that is part of a recreational vehicle combination. A recreational vehicle combination consists of a truck attached via a fifth wheel to a camper-semitrailer that is towing a trailer with certain types of vehicles on it (such as a motorcycle, snowmobile, or all-terrain vehicle).
- 8 **Recreational vehicle combination.** Same as section 7
- 9 **Placement and maintenance on trunk highway.** Allows a roadside sign to be placed at the entrance of a city stating that the city is home to a military armory or training and community center.
- 10 **Pneumatic-tired vehicle.** Amends restrictions on the gross weight of pneumatic-tired

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vehicles, as follows:

- Raises the gross weight limit on any wheel to 10,000 pounds. Current law limits the weight to 9,000 pounds except on designated local routes and trunk highways, where the limit is 10,000 pounds.
- Raises the gross weight limit on any single axle to 20,000 pounds. Current law limits the weight to 18,000 pounds except on designated local routes and trunk highways, where the limit is 20,000 pounds.

**11 Table of axle weight limits.** Allows trucks with certain weights, based on a table of weights and axle distances, to operate on routes that have a maximum weight limit of nine tons per axle. Currently, such trucks can operate only on trunk highways and routes designated by the Commissioner of Transportation.

**12 Gross vehicle weight of all axles.** Amends the gross vehicle weight limit of all axles of a vehicle to be:

- 80,000 pounds for any vehicle on all trunk highways and routes that have a maximum weight limit of nine tons per axle; and
- 73,280 pounds for any vehicle with five axles or less on all routes that are not trunk highways, designated routes, or routes that have a maximum weight limit of nine tons per axle.

Removes obsolete language.

**13 Tow truck.** Expands an exception to the height and weight limits for tow trucks to tow a damaged vehicle when it is urgent and it is being moved from the roadway. Currently, the exception only applies when a damaged vehicle cannot be towed from the rear, and the vehicle can only be towed to a repair shop.

**14 Tow truck.** Allows a tow truck that is towing a disabled or damaged vehicle to exceed the height and weight limits with a \$300 permit and any other conditions set by Mn/DOT.

**15 Seasonal load restriction.** Increases the seasonal load restriction from five to seven tons per single axle for county highways and town roads, as well as city streets that do not have weight restrictions.

**16 Area transportation partnerships.** Makes staff from state agencies to be non-voting members of area transportation partnerships.

**17 Report on major highway projects.** Requires MnDOT to annually submit a report to the legislature, by January 15, on all major highway projects planned or under construction for that year and the following 15 years. Major highway projects are those where the total cost is estimated to be at least \$10,000,000, or at least \$50,000,000 in metropolitan district. Identifies requirements for report contents.

**18 Grants.** Allows grants from the rail service improvement account to be made for up to 40 percent of the cost of any private rail project, and up to 60 percent of the cost of any public rail project. Requires a minimum of 20 percent of the costs to come from nonstate and

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nonfederal sources. Limits the rail service improvement program from making more than half of its financial distributions in the form of grants.

- 19 **Expenditures.** Expands the allowed expenditures under the Minnesota rail improvement program to include rehabilitating a rail line.
- 20 **All-terrain vehicle.** Raises the portion of motor fuel use attributed to all-terrain vehicles from 0.15 percent to 0.27 percent. Currently, proceeds from the tax on motor fuels are deposited in the highway user tax distribution fund, except for amounts attributed to nonhighway uses (such as fuel for motorboats, snowmobiles, off-road vehicles, and all-terrain vehicles, as well as aviation fuel).  
The tax amount attributed to all-terrain vehicles goes into the all-terrain vehicle account in the natural resources fund. The 0.27 percent attributed to all-terrain vehicle use is based on a 2006 study.
- 21 **Designation of international economic development zone.** Delays the required date for designation of the international economic development zone from June 30, 2006, to June 30, 2008. The start of the duration of the zone would be delayed by 3 years to calendar year 2010 (from 2007 under present law).
- 22 **Business plan.** Requires copies of a business plan for an international economic development zone to be provided to the legislature in the manner normally used for reports to the legislature (i.e., to the Chief Clerk, Secretary of the Senate, and the Legislative Reference Library). Copies of the business plan would also be provided to the chairs of the legislative committees with jurisdiction over the transportation and economic development.
- 23 **Town road construction and maintenance.** Permits a town to "piggy back" on a county's road construction or maintenance contract. Permits the town to enter into a contract with the vendor in a county road construction or maintenance contract for a town road adjoining the county road under the same terms as the county as long as the county contract was entered into properly.
- 24 **Trunk Highway 60 construction.** Allows Mn/DOT to contract with another state for Trunk Highway 60 construction.
- 25 **Study of transportation long-range solutions.** Directs Mn/DOT to conduct a study that evaluates the state's transportation system on a long-term basis.
- 26 **Report on comparison of costs.** Requires MnDOT to annually submit a report to the legislature, by September 1, on highway construction contract bids in several categories, and on costs of work performed by MnDOT employees as well as private contractors during the previous fiscal year.
- 27 **Repealer.** Repeals language authorizing MnDOT to institute tolls on highways, highway lanes, or bridges.
- 28 **Effective date.** Makes the provisions in this article effective the day following final enactment.