

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill (as adopted by the conference committee) contains the transportation budget, tax changes, and various transportation finance and policy provisions. Some of the changes are as follows.

#### Budget

- ▶ Sets the budget for the Minnesota Department of Transportation (MnDOT) and part of the Minnesota Department of Public Safety, as well as funding for the Metropolitan Council, for the upcoming biennium
- ▶ Appropriates funds for new state programs
- ▶ Makes various changes in base appropriation levels largely reflecting the Governor's budget proposal, including increased appropriations for state roads, Driver and Vehicle Services, and capitol security
- ▶ Authorizes \$300 million in trunk highway bonds, available in fiscal year 2015, for the Corridors of Commerce program being established

#### Finance and Policy Provisions

- ▶ Establishes a Corridors of Commerce program
- ▶ Broadens county wheelage tax authority to all counties
- ▶ Establishes license suspension, revocation, and ignition interlock provisions for certain criminal vehicular operation violations
- ▶ Increases a driver's license filing fee

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- ▶ Provides for driver education with behind-the-wheel concurrent to classroom instruction
- ▶ Establishes a Transportation Economic Development (TED) program
- ▶ Sets uses of non-capital funds for the Safe Routes to School program
- ▶ Modifies the allocation of funds from the motor vehicle lease sales tax
- ▶ Amends exemptions from the motor vehicle sales tax for gifts between individuals and for sale of collector vehicles
- ▶ Eliminates a referendum required for county local option transportation sales tax in Greater Minnesota authority, and clarifies eligible transit and other uses of the revenues
- ▶ Modifies staffing and authority over security in the Capitol area complex
- ▶ Allows county regional railroad authorities to contribute additional funds to transitway enhancement projects
- ▶ Authorizes the Metropolitan Council to issue bonds for transit capital
- ▶ Establishes a task force to review novice driver education practices

## **Article 1: Appropriations**

### **Overview**

This article contains the transportation budget for the upcoming biennium.

- 1 **Summary of appropriations.** Summarizes the appropriations by fund.
- 2 **Transportation appropriations.** Defines terms. Establishes that appropriations are from the trunk highway fund, unless another is named, for the agencies and purposes specified.
- 3 **Department of Transportation.** Appropriates funds to the Minnesota Department of Transportation (MnDOT) for the 2014-2015 biennium.

**Subd. 1. Total appropriation.** Summarizes MnDOT appropriations by fund.

**Subd. 2. Multimodal systems.** Appropriates money for airports and aviation, greater Minnesota transit, and freight and commercial vehicle operations.

Among the changes in comparison to 2014-15 base appropriations and previous budgets, the legislation:

- ▶ Reduces appropriations by \$650,000 annually from the state airports fund (to reflect expected revenues);
- ▶ Shifts \$263,000 annually in trunk highway fund base appropriations to Aviation Support and Services from the Program Planning and Delivery budget activity;

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- ▶ Increases the base appropriation by \$78,000 annually for greater Minnesota transit providers, to provide grants for the costs of free transit service for disabled veterans;
- ▶ Increases the base appropriation by \$100,000 annually, starting in fiscal year 2015, for continuing the Minnesota Council on Transportation Access;
- ▶ Appropriates \$500,000 in fiscal year 2014 for contamination cleanup of state rail bank property; and
- ▶ Appropriates \$250,000 annually for planning, outreach, education, and training activities related to the Safe Routes to School program.

**Subd. 3. State roads.** Appropriates money for the state trunk highway system, including operations and maintenance (general highway maintenance activities); program planning and delivery (short- and long-range planning as well as project development activities such as preliminary engineering and project management work); state road construction (actual contracts for highway work as well as land acquisition); debt service on trunk highway bonds; and electronic communications.

Among the changes compared to 2014-15 base appropriations, the legislation:

- ▶ Increases the base appropriation by \$5 million annually for the Operations and Maintenance budget activity;
- ▶ Increases the base appropriation by \$250,000 annually for administrative costs of a joint program office;
- ▶ Appropriates \$75,000 in fiscal year 2014 from the highway user tax distribution fund for continuation of the eWorkPlace telework Web site presence;
- ▶ Makes \$900,000 annually available for grants to regional development commissions, which is increased from \$600,000 annually in recent previous budgets;
- ▶ Increases base appropriations by \$10 million annually from the trunk highway fund for the transportation economic development (TED) program (see article 3, section 19);
- ▶ Increases state road construction funding by a total of \$358 million for the biennium (which reflects additional federal assistance as well as use of part of the balance in the trunk highway fund); and
- ▶ Appropriates \$1 million annually through fiscal year 2016 for additional federal American Recovery and Reinvestment Act funds.

**Subd. 4. Local roads.** Appropriates money for the county state-aid highway system and the municipal state-aid street system, and allows for increases in the respective appropriations if there are additional funds and certain conditions are met.

**Subd. 5. Agency management.** Appropriates money for agency services (such as information technology and human resources) and buildings.

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**Subd. 6. Transfers.** Allows transfer of money across most agency activities within certain funds. Directs transfer of funds in the flexible highway account, apportioning the money for county and municipal turnback projects (the portion provided to the trunk highway fund is for trunk highways that will be improved and then turned over to the local road systems).

**Subd. 7. Previous state road construction appropriations.** Allows MnDOT to use previous year trunk highway construction appropriations in fiscal years 2014 and 2015 if used for the original purpose, and requires reporting.

**Subd. 8. Contingent appropriation.** Allows unappropriated trunk highway fund money to be appropriated to MnDOT under certain circumstances, upon approval by a legislative group.

**4 Metropolitan Council.** Appropriates funds from the general fund to the Metropolitan Council for bus, light rail transit, and commuter rail operations.

Among the changes compared to 2014-15 base appropriations, the legislation:

- ▶ Increases the base appropriation by \$18 million for the biennium, and then \$11.72 million annually for the 2016-17 biennium; and
- ▶ Appropriates \$37 million in fiscal year 2014 for the Southwest Light Rail Transit line.

**5 Department of Public Safety.** Appropriates funds to the Department of Public Safety for transportation-related activities.

**Subd. 1. Total appropriation.** Summarizes Department of Public Safety appropriations by fund.

**Subd. 2. Administration and related services.** Appropriates money for administrative functions, including communications and programs within the Commissioner's office.

Compared to 2014-15 base appropriations, the legislation provides \$700,000 annually (with \$600,000 from the general fund, and \$100,000 from the trunk highway fund) for grants to peace officers for costs of soft body armor. This is increased from \$502,000 annually from the general fund in recent previous budgets.

**Subd. 3. State Patrol.** Appropriates money for the State Patrol, including patrolling highways, commercial vehicle enforcement, and capitol security. Funds for the State Patrol are primarily from the trunk highway fund, and capitol security is funded from the general fund.

Compared to 2014-15 base appropriations, the legislation:

- ▶ Increases the base appropriation by \$1 million annually for patrolling highways (which is for increased fuel costs); and

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- ▶ Increases the base appropriation by \$1.25 million annually from the general fund for capitol area security.

**Subd. 4. Driver and vehicle services.** Appropriates funds for driver services and vehicle services (primarily from special revenue derived from vehicle and driver licensing fees).

Among the changes compared to 2014-15 base appropriations, the legislation:

- ▶ Increases the base appropriation by \$650,000 annually for additional staff to handle vehicle title transfers;
- ▶ Appropriates a total of \$800,000 in fiscal year 2015 for a new telephone system;
- ▶ Increases the base appropriation by \$71,000 annually, starting in fiscal year 2015, for additional staff to handle facial recognition;
- ▶ Appropriates a total of \$76,000 for fiscal years 2014-16 for staff to support the Novice Driver Education Improvement Task Force being established; and
- ▶ Increases the base appropriation by \$67,000 in fiscal year 2015, and then \$62,000 annually for the 2016-17 biennium, for administration of changes to the ignition interlock program.

**Subd. 5. Traffic safety.** Appropriates funds for the traffic safety office.

**Subd. 6. Pipeline safety.** Appropriates special revenue funds for the pipeline safety office.

**6 Tort claims.** Appropriates funds to the Department of Management and Budget for tort claims.

**7 Reauthorization; 2008, bond sale expenses for trunk highway bonds.** Re-authorizes an appropriation to the Department of Management and Budget for expenses related to sale of trunk highway bonds that had been originally authorized in 2008. The authority had canceled as part of the statutory bond cancellation process.

## **Article 2: Trunk Highway Bonds**

### **Overview**

This article contains authorization and appropriation of \$300 million in trunk highway bonds for the Corridors of Commerce program (being established in article 3, section 1).

- 1 Bond appropriations.** Establishes appropriations requirements and summarizes amounts.
- 2 Corridors of commerce.** Appropriates \$300 million in trunk highway bond proceeds for the

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- Corridors of Commerce program, and provides for program delivery.
- 3 Bond sale expenses.** Appropriates \$300,000 for expenses related to bond sales.
- 4 Bond sale authorization.** Authorizes the sale and issuance of bonds to fund the appropriations.
- 5 Effective date.** Makes the article effective July 1, 2014.

## **Article 3: Transportation Finance and Policy Overview**

This article contains various provisions related to transportation finance and policy.

- 1 [161.088] Corridors of Commerce program.** Establishes a program for selection and construction of trunk highway projects related to commerce.

**Subd. 1. Definitions.** Defines terms.

**Subd. 2. Program authority, funding.** Establishes the program for improvements to commerce in the state, and specifies that it is to be implemented with funds specifically provided.

**Subd. 3. Project classification.** Creates classifications for candidate trunk highway projects, consisting of:

- ▶ capacity development projects, that add additional capacity to the trunk highway system; and
- ▶ freight improvements.

**Subd. 4. Project eligibility.** Establishes basic requirements for whether a project is eligible to be included in the program, including consistency with transportation plans, location on an interregional corridor (for projects outside the Twin Cities metropolitan area), fit in one of the project classifications under subdivision 3, a time limit for when the project would be ready to start, and a maximum project cost.

**Subd. 5. Project selection process; criteria.** Requires MnDOT to establish a selection process and criteria for evaluation of projects. Provides for stakeholder recommendations on candidate projects. Specifies some criteria that must be included in determining which projects to fund through the program, including return on investment, measures of commerce impacts, efficiency of freight movement, safety improvements, and project support.

**Subd. 6. Funding allocations; operations and maintenance.** Provides for accounting for future operating costs resulting from a project funded under the program.

**Subd. 7. Legislative report, evaluation.** Requires an annual legislative report

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starting in November 2014 on the program, as well as an independent program evaluation every other year starting in 2016.

- 2 **Trunk highway fund appropriations.** Amends a listing of items that are excluded from being considered trunk highway purposes for which MnDOT may make payments from the trunk highway fund, to (1) allow for payments of tort claims, and (2) limit payments to MN.IT Services to the amount attributable to actual costs for trunk highway purposes.
- 3 **Research activities.** Increases the cap from \$1.2 million to \$2 million on how much funding MnDOT can provide to the Center for Transportation Studies at the University of Minnesota for transportation research. Requires research to be undertaken on transportation policy and economic competitiveness, which is due by June 30, 2018.
- 4 **County wheelage tax.** Broadens the authority for counties to impose an annual wheelage tax, to:
  - ▶ provide the authority to all counties, expanded from the current restriction to the seven-county Twin Cities metropolitan area; and
  - ▶ set the tax rate at \$10 (increased from \$5) to be imposed until January 1, 2018, after which a tax of up \$20 can be imposed.Makes technical changes.
- 5 **High-value vehicle.** Amends the definition of “high-value vehicle” in the chapter on motor vehicle titles, to raise the minimum value of a vehicle prior to being damaged in a crash, from \$5,000 to \$9,000, in order to be considered high-value. (This has the effect of reducing the collection of vehicles considered high-value.)

High-value vehicles are subject to provisions under section 168A.151 that (1) require an insurance company to obtain a salvage title on the vehicle if it was acquired as a result of paying an insurance claim, and (2) require a salvage title on some damaged vehicle scenarios involving an out-of-state title.
- 6 **Amounts.** Modifies fees for motor vehicle titling transactions starting in January 2017, to:
  - ▶ raise the fee for new vehicle titles by \$2 (going from \$6.25 to \$8.25, with no changes made to a \$1 technology surcharge and an additional \$3.50 that goes into a public safety vehicle account), with \$0.90 of the increase going to an account that funds Driver and Vehicle Services (DVS) operations, and the other \$1.10 going to the general fund; and
  - ▶ eliminate a \$5.50 title transfer fee, which is currently distributed \$2.50 to a DVS operating account and \$3 to the general fund.The bill also makes technical changes.
- 7 **Crime described.** Narrows the prohibition on driving a vehicle during plate impoundment, to allow a person to drive an employer-owned vehicle that is not required to be equipped with an ignition interlock. Effective day following final enactment.

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- 8 Implied consent advisory.** Creates an exception to the implied consent advisory requirement. Provides that a peace officer who is not pursuing an implied consent license revocation is not required to give an advisory to a person who is believed to have committed a alcohol or drug-related criminal vehicular operation (CVO) offense. Effective July 1, 2014.
- 9 Reinstatement of driving privileges; certain criminal vehicular operation offenses.** Provides that a person who has committed a alcohol-related CVO offense that resulted in injury but not death is eligible for license reinstatement once the person has submitted verification of the use of ignition interlock for the applicable time period. Effective July 1, 2014.
- 10 Person less than 18 years of age.** Allows a person to get a driving instruction permit when taking classroom and behind-the-wheel concurrently, following at least 15 hours of classroom instruction (and when other requirements are met). Directs the department to adopt administrative rules and permits use of the exempted rulemaking process. Under current law, a person must first complete the classroom portion and be enrolled in behind-the-wheel in order to obtain a permit. Effective January 1, 2014.
- 11 Fee; equipment.** Increases, from \$5 to \$8, the filing fee charged for a new or renewal driver's licenses and Minnesota identification cards. The same fee amount is imposed by agents authorized by Driver and Vehicle Services (DVS) to administer driver licensing offices, and by DVS at its locations. (Filing fees collected by agents are retained by them, and fees collected by DVS are deposited in an operating account in the special revenue fund for DVS program administration.)
- 12 Criminal vehicular operation; revocation periods.** Places DWI-related CVO revocation periods in statute (see section 41, paragraph (b) of this article – repealing related rules). Specifies the revocation period (ranging from 2 to 10 years) based on the resulting harm and/or number of qualified prior impaired driving incidents. Effective July 1, 2014.
- 13 [171.187] Suspension; criminal vehicular operation and manslaughter.** Requires the Department of Public Safety to suspend a person's driver's license if: (1) the peace officer certifies that there is probable cause to believe the person committed a DWI-related CVO offense; or (2) the person has been formally charged with manslaughter or CVO, resulting from operation of a vehicle. Continues a suspension until the completion of the criminal case or by order of the commissioner. Provides that, if a person is convicted, the commissioner must credit the time accrued under the suspension towards the revocation period. Authorizes the aggrieved person to request an administrative review of the suspension. Effective July 1, 2014. (See section 41, paragraph (b) of this article – repealing related rules.)
- 14 Conditions of issuance.** Allows issuance of a limited license to a person whose license was suspended under the new suspension provision created in section 13. Effective July 1, 2014.
- 15 Other waiting periods.** Prevents issuance of a limited license for one year to a person convicted of a non alcohol-related CVO offense, or an alcohol-related CVH offense.

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Effective July 1, 2014.

- 16      Exception; criminal vehicular operation.** Prohibits issuance of a limited license to a person convicted of an alcohol-related CVO offense involving injury but not death. Effective July 1, 2014.
- 17      Definitions.** Amends the definition of an ignition interlock “program participant” to include a person whose license was suspended or revoked for an alcohol-related CVO offense involving injury but not death. Effective July 1, 2014.
- 18      Issuance of restricted license.** Allows participation in the ignition interlock program by someone whose license was suspended or revoked for an alcohol-related CVO offense involving injury but not death. Effective July 1, 2014.
- 19      [174.12] Transportation Economic Development program.** Codifies authorization and requirements governing a joint MnDOT/Department of Employment and Economic Development (DEED) program for road construction related to economic development.
- Subd. 1. Program established.** Directs MnDOT and DEED to jointly establish a program for funding transportation projects that have economic development impacts.
- Subd. 2. Transportation economic development accounts.** Establishes accounts for the program in the special revenue fund and the trunk highway fund.
- Subd. 3. Program administration.** Directs MnDOT and DEED to make public solicitations for projects and provide information and technical resources to potential applicants.
- Subd. 4. Economic impacts performance measures.** Requires DEED to develop performance measures on economic impacts to use in evaluating projects for inclusion in the program.
- Subd. 5. Financial assistance; criteria.** Specifies core criteria that must be included in evaluating projects for inclusion in the program.
- Subd. 6. Financial assistance; project evaluation process.** Specifies that project selection must be based on the criteria established, and directs certifications by both MnDOT and DEED regarding project eligibility.
- Subd. 7. Financial assistance; awards.** Limits funds from the program to 70 percent of project costs. Requires geographic balance throughout the state with respect to both numbers of projects and funding levels.
- Subd. 8. Legislative report.** Mandates a legislative report, due February 1 of every other year starting in 2015.
- 20      [174.187] Made in Minnesota solar installations.** Requires MnDOT to use solar photovoltaic modules that are manufactured in Minnesota if such modules are included in a MnDOT construction project. Prevents the provision from applying if receipt of federal funds requires a conflicting procurement method, or if no modules are available that fulfill

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the required function.

- 21      **Related non-infrastructure activities.** Establishes allowable uses of non-bond proceeds funds in the Safe Routes to School program, to include planning, education, traffic enforcement, and financial assistance activities.
- 22      **[174.42] Transportation alternatives projects.** Requires MnDOT to obtain the same or a greater level of funding for certain bicycle and pedestrian trail project categories in each year compared to the average funding over the previous four years.
- 23      **Grade crossing safety account.** Gives MnDOT discretion in whether to cancel remaining funds in the grade crossing safety account at the end of each biennium.
- 24      **Motor vehicle lease sales tax revenue.** Amends the allocation of revenue from the sales tax on leased motor vehicles, so that for 2014 and 2015 only, \$9 million is allocated to Twin Cities metropolitan area counties (except for Hennepin and Ramsey) for county roads and the remainder is provided to Greater Minnesota transit. Starting in 2016, the allocation reverts to the previous formula of 50 percent to certain county roads and 50 percent to Greater Minnesota transit.
- 25      **Authorization; rates.** Eliminates a referendum requirement for a county to impose a local option transportation sales tax in Greater Minnesota, which may instead be imposed by resolution following a hearing.
- 26      **Allocation; termination.** Clarifies eligible uses of proceeds from a local option transportation sales tax in Greater Minnesota, to specifically include funding transit capital and ongoing operations as well as projects in the safe routes to school program.
- 27      **Purchase price.** Makes conforming changes.
- 28      **Sale, sells, selling, purchase, purchased, or acquired.** Narrows an exemption from the motor vehicle sales tax for gifts between individuals, so that the exemption only applies to gifts between parents and children, grandparents and grandchildren, and between spouses.
- 29      **In lieu tax for collector vehicles.** Raises the flat fee from \$90 to \$150 imposed on sales of collector vehicles, which applies instead of the motor vehicle sales tax.
- 30      **Responsibilities.** Creates the position of emergency manager in the Capitol Complex Security Division permanent staff. The emergency manager must:
- ▶ oversee plans and procedures regarding security operations;
  - ▶ develop and implement tenant training to address threats and emergency procedures; and
  - ▶ develop and implement threat and emergency exercises.

The director must assign at least one state trooper to the Capitol complex at all times and must hold at least one annual meeting to discuss Capitol complex security, emergency planning, public safety, and public access to the Capitol complex.

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- 31 **Powers and duties transferred.** Assigns the Commissioner of Public Safety as the final authority over public safety and security in the Capitol complex. The Commissioner of Administration is responsible for the Capitol complex as provided under Minnesota Statutes, chapter 16B, which assigns general management responsibilities.
- 32 **Interagency agreement; appropriation.** Directs the Department of Public Safety to create interagency agreements with Capitol complex tenants concerning fees for security services.
- 33 **Definition.** Defines “project” in a section of statutes governing commuter rail and light rail transit funding, to be initial construction and not additional segments or enhancements following the original commencement of operating the line. This has the effect of narrowing—for commuter and light rail transit projects—the scope of a ten percent cap on capital funding that can come from regional railroad authorities.
- 34 **Obligations.** Increases by \$35.8 million the Metropolitan Council’s authority to issue debt obligations to fund its capital improvement plan for transit and paratransit. Proceeds may also be used to pay issuance costs (subject to the limit).
- 35 **[629.344] Criminal vehicular operation and manslaughter; certification of probable cause by peace officer.** Provides that an officer must certify to the Department of Public Safety a determination that probable cause exists to believe a person committed a DWI-related CVO offenses. Effective July 1, 2014.
- 36 **Effective date.** Extends, from 2013 to 2016, appropriations authority for MnDOT from federal aid received under the American Economic Recovery and Reinvestment Act of 2009 (ARRA).
- 37 **Novice driver education improvement task force.** Creates a task force to compare Minnesota novice driver education with national group standards and submit a report to the legislature, which is due by August 31, 2015. The task force expires on September 1, 2015, or the day after the report is submitted.
- 38 **Transitway community engagement.** Allows the Metropolitan Council, when it is the lead authority in a transitway project, to contract with community-based organizations to promote community engagement activities along the corridor. Requires a legislative report.
- 39 **Transportation infrastructure hiring and recruitment.** Encourages the lead transportation authority in a transportation project to make efforts to employ women and minorities and contract with targeted group businesses owned by women and minorities. Encourages MnDOT to increase participation in highway projects of small businesses located in economically disadvantaged areas of the state.
- 40 **Financial assistance for Northstar Commuter Rail expenses; greater Minnesota.** Exempts the Greater Minnesota transit component of the costs of Northstar Commuter Rail from a requirement that financial assistance be provided only to recipients outside the Twin Cities metropolitan area.
- 41 **Repealer.** (a) Repeals section 161.04, subdivision 6, a trunk highway economic

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development account provision, which is replaced with the TED program authority under section 19 of this article. Eliminates section 174.285, subdivision 8, on expiration of the Minnesota Council on Transportation Access, which is set to expire June 30, 2014.

(b) Repeals Department of Public Safety rules relating to driver license suspension and revocation periods for CVO offenses, which are substantially codified in state statutes in sections 12 and 13 of this article.

*Notes:*

Current revocation periods are fixed and based on the level of harm. Section 12 provides a minimum revocation period and adds prior offenses.

Currently, suspension requires a criminal charge. Section 13 allows suspension upon probable cause certification of a DWI-related CVO violation.

## **Article 4: Miscellaneous**

- 1** **Criminal apprehension.** Modifies a base appropriations provision for the Bureau of Criminal Apprehension.
- 2** **Effective date.** Makes section 1 effective at the same time as the provision being modified.