

1.1 ..... moves to amend H.F. No. 2395 as follows:

1.2 Page 8, delete section 1 and insert:

1.3 "Section 1. Minnesota Statutes 2012, section 297A.992, is amended to read:

1.4 **297A.992 METROPOLITAN ~~TRANSPORTATION~~ AREA TRANSIT SALES**  
1.5 **TAX; TAX, JOINT POWERS BOARD.**

1.6 Subdivision 1. **Definitions.** For purposes of this section, the following terms have  
1.7 the meanings given them:

1.8 (1) "baseline sales tax proceeds" means (i) the proceeds from the sales and use taxes  
1.9 imposed under subdivision 2, plus (ii) one quarter of one percent of the total proceeds  
1.10 from the sales and use taxes imposed under subdivision 2a and collected in Scott or  
1.11 Carver County;

1.12 (2) "metropolitan ~~transportation~~ area" means the counties ~~participating in the joint~~  
1.13 powers agreement under subdivision 3;

1.14 (2) "eligible county" means the county of Anoka, Carver, Dakota, Hennepin,  
1.15 Ramsey, Scott, ~~or~~ and Washington;

1.16 (3) "committee" means the Grant Evaluation and Ranking System (GEARS)  
1.17 Committee;

1.18 (4) "minimum guarantee county" means any metropolitan county or eligible county  
1.19 that is participating in the joint powers agreement under subdivision 3, whose proportion  
1.20 of the annual sales tax revenue under this section collected within that county is less  
1.21 than or equal to three percent; and

1.22 (4) "net transit sales tax proceeds" means the total proceeds from the sales and use  
1.23 taxes imposed under this section, less (i) the baseline sales tax proceeds, and (ii) the  
1.24 deductions identified under subdivision 8; and

1.25 (5) "population" means the population, as defined in section 477A.011, subdivision  
1.26 3, estimated or established by July 15 of the year prior to the calendar year in which

2.1 the representatives will serve on the Grant Evaluation and Ranking System Committee  
2.2 established under subdivision 5.

2.3 Subd. 2. **Authorization; rates.** (a) Notwithstanding section 297A.99, subdivisions  
2.4 1, 2, and 3, or 477A.016, or any other law, the board of a county participating in a  
2.5 joint powers agreement as specified in this section shall impose by resolution (1) a  
2.6 ~~transportation~~ transit sales and use tax at a rate of one-quarter of one percent on retail  
2.7 sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle,  
2.8 as defined in section 297B.01, subdivision 11, purchased or acquired from any person  
2.9 engaged in the business of selling motor vehicles at retail, occurring within the jurisdiction  
2.10 of the taxing authority. The taxes authorized are to fund transportation improvements as  
2.11 specified in this section, including debt service on obligations issued to finance such  
2.12 improvements pursuant to subdivision 7.

2.13 (b) The tax imposed under this section is not included in determining if the total tax  
2.14 on lodging in the city of Minneapolis exceeds the maximum allowed tax under Laws 1986,  
2.15 chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article  
2.16 12, section 87, or in determining a tax that may be imposed under any other limitations.

2.17 Subd. 2a. **Additional tax; rates.** (a) A local sales tax is imposed in the metropolitan  
2.18 counties, as defined in section 473.121, subdivision 4. In order to maintain the same rate  
2.19 across the region, the tax is imposed in each county as follows:

2.20 (1) effective for sales and purchases made after June 30, 2014, a sales and use tax on  
2.21 retail sales and uses taxable under this chapter, at a rate equal to one percent minus the  
2.22 tax rate imposed by each county under subdivision 2; and

2.23 (2) effective for vehicles acquired after June 30, 2014, if not imposed by a county  
2.24 under subdivision 2, an excise tax of \$20 per motor vehicle, as defined in section 297B.01,  
2.25 subdivision 11, purchased or acquired from any person engaged in the business of selling  
2.26 motor vehicles at retail, occurring within the jurisdiction of the county.

2.27 (b) The taxes imposed under this subdivision are not included in determining if the  
2.28 total tax on lodging in the city of Minneapolis exceeds the maximum allowed tax under  
2.29 Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session  
2.30 chapter 5, article 12, section 87, and Laws 2012, chapter 299, article 3, section 3, or in  
2.31 determining a tax that may be imposed under any other limitations.

2.32 Subd. 3. **Joint powers agreement.** (a) Before imposing the taxes authorized in  
2.33 subdivision 2, an eligible a county must declare by resolution of its county board to be part  
2.34 of the metropolitan transportation area and must enter into a joint powers agreement. The  
2.35 joint powers agreement:

2.36 (1) must form a joint powers board, as specified in subdivision 4;

3.1 (2) must provide a process that allows ~~any eligible~~ a county in the metropolitan  
3.2 area, by resolution of its county board, to join the joint powers board and impose the  
3.3 taxes authorized in subdivision 2;

3.4 (3) may provide for withdrawal of a participating county before final termination of  
3.5 the agreement; and

3.6 (4) may provide for a weighted voting system for joint powers board decisions.

3.7 (b) All counties in the metropolitan area shall enter into an amended joint powers  
3.8 agreement that conforms to the provisions of this section.

3.9 Subd. 4. **Joint powers board.** (a) The joint powers board must consist of one  
3.10 or more commissioners of each county ~~that is~~ in the metropolitan ~~transportation~~ area,  
3.11 appointed by its county board, and the chair of the Metropolitan Council, who must have  
3.12 voting rights, subject to subdivision 3, clause (4). The joint powers board has the powers  
3.13 and duties provided in this section and section 471.59.

3.14 (b) The joint powers board may utilize (1) no more than three-fourths of one  
3.15 percent of the baseline transit sales tax proceeds of the taxes imposed under this section  
3.16 for ordinary administrative expenses incurred in carrying out the provisions of this  
3.17 section, and (2) an amount as provided in subdivision 5a, paragraph (f). Any additional  
3.18 administrative expenses must be paid by the participating counties.

3.19 (c) The joint powers board may establish a technical advisory group that is separate  
3.20 from the GEARS Committee. The group must consist of representatives of cities, counties,  
3.21 or public agencies, including the Metropolitan Council. The technical advisory group  
3.22 must be used solely for technical consultation purposes.

3.23 (d) The chair of the joint powers board must be a county commissioner who is  
3.24 elected by the board.

3.25 Subd. 5. **~~Grant application and awards; Grant Evaluation and Ranking System~~**  
3.26 **~~(GEARS) Committee process, general requirements.~~** (a) The joint powers board shall  
3.27 establish a grant application process and identify the amount of available funding for grant  
3.28 awards. Grant applications must be submitted in a form prescribed by the joint powers  
3.29 board. An applicant must provide, in addition to all other information required by the joint  
3.30 powers board, the estimated cost of the project, the amount of the grant sought, possible  
3.31 sources of funding in addition to the grant sought, and identification of any federal funds  
3.32 that will be utilized if the grant is awarded. A grant application seeking transit capital  
3.33 funding must identify the source of money necessary to operate the transit improvement.

3.34 (b) The joint powers board shall establish a timeline and procedures for the award of  
3.35 grants, and may award grants only to the state and political subdivisions. The board shall  
3.36 define objective criteria for the award of grants, which must include, but not be limited to,

4.1 consistency with the most recent version of the transportation policy plan adopted by the  
4.2 Metropolitan Council under section 473.146. The joint powers board shall maximize the  
4.3 availability and use of federal funds in projects funded under this section.

4.4 (c) Grants must be funded by the proceeds of the taxes imposed under this section, or  
4.5 by bonds, notes, or other obligations issued by the joint powers board under subdivision 7.

4.6 Subd. 5a. Grant awards; Grant Evaluation and Ranking System (GEARS)

4.7 Committee. (a) The joint powers board shall establish a GEARS Committee, which  
4.8 must consist of:

4.9 (1) one county commissioner from each county ~~that is~~ in the metropolitan  
4.10 ~~transportation~~ area, appointed by its county board;

4.11 (2) one elected city representative from each county ~~that is~~ in the metropolitan  
4.12 ~~transportation~~ area;

4.13 (3) one additional elected city representative from each county for every additional  
4.14 400,000 in population, or fraction of 400,000, in the county that is above 400,000 in  
4.15 population; and

4.16 (4) the chair of the Metropolitan Council Transportation Committee.

4.17 ~~(d)~~ (b) Each city representative must be elected at a meeting of cities in the  
4.18 metropolitan ~~transportation~~ area, which must be convened for that purpose by the  
4.19 Association of Metropolitan Municipalities.

4.20 ~~(e)~~ (c) The committee shall:

4.21 (1) evaluate grant applications following objective criteria established by the joint  
4.22 powers board, and must;

4.23 (2) provide to the joint powers board a selection list of transportation projects that  
4.24 includes a priority ranking;

4.25 (3) annually evaluate and award grants to local units of government, including  
4.26 park districts for construction and maintenance of regional bicycle, trail, and pedestrian  
4.27 infrastructure, and for safe routes to school infrastructure; and

4.28 (4) annually evaluate and award grants to cities for planning activities related to  
4.29 land use and transportation linkages, streetcar development, or bicycle and pedestrian  
4.30 connections.

4.31 (d) Grants awarded by the committee under paragraph (c), clauses (3) and (4), are  
4.32 not subject to approval by the board. Annually, the committee shall award grants under  
4.33 those clauses in a total amount that equals no less than ten percent of the net transit sales  
4.34 tax proceeds.

4.35 (e) The committee may award a grant under paragraph (c), clause (3), only if the  
4.36 project being funded is in compliance with:

5.1 (1) a regional nonmotorized transportation system plan developed by the  
5.2 Metropolitan Council; or

5.3 (2) a municipal nonmotorized transportation plan, which must provide coordinated  
5.4 development of transportation facilities located in adjacent communities, including  
5.5 connections between facilities in each community.

5.6 (f) The board may utilize no more than an amount equal to three-fourths of one  
5.7 percent of the total grant awards under paragraph (c), for ordinary administrative expenses  
5.8 incurred in carrying out the provisions of this subdivision.

5.9 Subd. 5b. Grant awards; consistency with transportation plans. (f) A grant  
5.10 award for a transit project located within the metropolitan area, as defined in section  
5.11 473.121, subdivision 2, may be funded only after the Metropolitan Council reviews the  
5.12 project for consistency with the transit portion of the Metropolitan Council policy plan  
5.13 and one of the following occurs:

5.14 (1) the Metropolitan Council finds the project to be consistent;

5.15 (2) the Metropolitan Council initially finds the project to be inconsistent, but after a  
5.16 good faith effort to resolve the inconsistency through negotiations with the joint powers  
5.17 board, agrees that the grant award may be funded; or

5.18 (3) the Metropolitan Council finds the project to be inconsistent, and submits the  
5.19 consistency issue for final determination to a panel, which determines the project to be  
5.20 consistent. The panel is composed of a member appointed by the chair of the Metropolitan  
5.21 Council, a member appointed by the joint powers board, and a member agreed upon by  
5.22 both the chair and the joint powers board.

5.23 ~~(g) Grants must be funded by the proceeds of the taxes imposed under this section,~~  
5.24 ~~bonds, notes, or other obligations issued by the joint powers board under subdivision 7.~~

5.25 ~~(h) Notwithstanding the provisions of this section except subdivision 6a, of~~  
5.26 ~~the revenue collected under this section, the joint powers board shall allocate to the~~  
5.27 ~~Metropolitan Council, in fiscal years 2012 and 2013, an amount not less than 75 percent of~~  
5.28 ~~the net cost of operations for those transit ways that were receiving metropolitan sales tax~~  
5.29 ~~funds through an operating grant agreement on June 30, 2011.~~

5.30 ~~(i) The Metropolitan Council shall expend any funds allocated under paragraph (h)~~  
5.31 ~~for the operations of the specified transit ways solely within those counties that are in the~~  
5.32 ~~metropolitan transportation area.~~

5.33 ~~(j) Nothing in paragraph (h) or (i) prevents grant awards to the Metropolitan Council~~  
5.34 ~~for capital and operating assistance for transit ways and park-and-ride facilities.~~

5.35 Subd. 6. Allocation of Grant awards; eligible uses. (a) The board must allocate  
5.36 grant awards only for the following transit purposes transitway development, consisting of:

6.1 (i) capital improvements to transitways, including, but not limited to, commuter rail  
6.2 rolling stock, light rail vehicles, and transitway buses;

6.3 (ii) capital costs for park-and-ride facilities, as defined in section 174.256,  
6.4 subdivision 2; and

6.5 (iii) feasibility studies, planning, alternatives analyses, environmental studies,  
6.6 engineering, property acquisition for transitway purposes, and construction of transitways;  
6.7 and.

6.8 ~~(iv) operating assistance for transitways.~~

6.9 (b) The joint powers board must ~~annually award grants to each minimum guarantee~~  
6.10 ~~county in an amount no less than the amount of sales tax revenue collected within that~~  
6.11 ~~county as follows:~~

6.12 (1) to Scott County and Carver County, 55 percent of the net sales tax proceeds  
6.13 generated by one-quarter of one percent collected in each county respectively for calendar  
6.14 years 2015 to 2019; and

6.15 (2) to the Metropolitan Council for development and construction of the Southwest  
6.16 light rail transit project and the Bottineau Boulevard, Cedar Avenue, Riverview, Robert  
6.17 Street, Red Rock, Gateway, I-35W South, I-394 Commuter Corridor, and Rush Line  
6.18 transitways.

6.19 ~~(e) No more than 1.25 percent of the total awards may be annually allocated for~~  
6.20 ~~planning, studies, design, construction, maintenance, and operation of pedestrian programs~~  
6.21 ~~and bicycle programs and pathways.~~

6.22 Subd. 6a. **Priority of fund uses.** The joint powers board shall allocate all revenues  
6.23 from the taxes imposed under this section in conformance with the following priority order:

6.24 (1) payment of debt service necessary for the fiscal year on bonds or other  
6.25 obligations ~~issued prior to January 1, 2011,~~ under subdivision 7; and

6.26 (2) as otherwise authorized under this section.

6.27 Subd. 7. **Bonds.** (a) The joint powers board or any county, acting under a joint  
6.28 powers agreement as specified in this section, may, by resolution, authorize, issue, and sell  
6.29 its bonds, notes, or other obligations for the purpose of funding grants under subdivision  
6.30 6. The joint powers board or county may also, by resolution, issue bonds to refund the  
6.31 bonds issued pursuant to this subdivision.

6.32 (b) The bonds of the joint powers board must be limited obligations, payable solely  
6.33 from or secured by taxes levied under this section.

6.34 (c) The bonds of any county may be limited obligations, payable solely from or  
6.35 secured by taxes levied under this section. A county may also pledge its full faith, credit,  
6.36 and taxing power as additional security for the bonds.

7.1 (d) Bonds may be issued in one or more series and sold without an election. The bonds  
7.2 shall be secured, bear the interest rate or rates or a variable rate, have the rank or priority,  
7.3 be executed in the manner, be payable in the manner, mature, and be subject to the defaults,  
7.4 redemptions, repurchases, tender options, or other terms, and shall be sold in such manner  
7.5 as the joint powers board, the regional railroad authority, or the county may determine.

7.6 (e) The joint powers board or any regional railroad authority or any county may  
7.7 enter into and perform all contracts deemed necessary or desirable by it to issue and secure  
7.8 the bonds, including an indenture of trust with a trustee within or without the state.

7.9 (f) Except as otherwise provided in this subdivision, the bonds must be issued and  
7.10 sold in the manner provided under chapter 475.

7.11 (g) The joint powers board or any regional railroad authority wholly within the  
7.12 metropolitan transportation area also may authorize, issue, and sell its bonds, notes, or  
7.13 other obligations for the purposes, and in accordance with the procedures, set forth in  
7.14 section 398A.07 to fund grants as provided in subdivision 6. The bonds of any regional  
7.15 railroad authority may be limited obligations, payable solely from or secured by taxes  
7.16 levied under this section. A regional railroad authority may also pledge its taxing powers  
7.17 as additional security for the bonds.

7.18 Subd. 8. **Allocation Remittance of revenues.** After the deductions allowed in  
7.19 section 297A.99, subdivision 11, the commissioner of revenue shall remit: ~~the proceeds of~~  
7.20 ~~the taxes imposed under this section~~ (1) the baseline sales tax proceeds, on a monthly basis,  
7.21 as directed by the joint powers board under this section; and (2) remaining proceeds of the  
7.22 sales and use taxes imposed under this section, as provided under section 297A.9925.

7.23 Subd. 9. **Administration, collection, enforcement.** Except as otherwise provided  
7.24 in this section, the provisions of section 297A.99, subdivisions 4 and 6 to 12a, govern the  
7.25 administration, collection, and enforcement of the tax authorized under this section.

7.26 Subd. 10. **Termination of local option taxes.** (a) The taxes imposed under ~~section~~  
7.27 ~~297A.99, subdivision 1, subdivision 2~~ by a county that withdraws from the joint powers  
7.28 agreement pursuant to subdivision 3, clause (3), shall terminate when the county has  
7.29 satisfied its portion, as defined in the joint powers agreement, of all outstanding bonds or  
7.30 obligations entered into while the county was a member of the agreement.

7.31 (b) If the joint powers agreement under subdivision 3 is terminated, the taxes  
7.32 imposed under ~~section 297A.99, subdivision 1, subdivision 2~~ at the time of the agreement  
7.33 termination will terminate when all outstanding bonds or obligations are satisfied. The  
7.34 auditors of the counties in which the taxes are imposed shall see to the administration of  
7.35 this paragraph.

8.1 Subd. 11. **Report.** The joint powers board shall report annually by February 1 to the  
 8.2 ~~house of representatives and senate~~ chairs and ranking minority members of the legislative  
 8.3 committees having jurisdiction over transportation policy and finance concerning the:

- 8.4 (1) board activities and actions;  
 8.5 (2) bonds authorized or issued under subdivision 7;  
 8.6 (3) revenues received; and  
 8.7 (4) grants awarded.

8.8 Subd. 12. **Grant awards to Metropolitan Council.** Any grant award under this  
 8.9 section made to the Metropolitan Council must supplement, and must not supplant,  
 8.10 operating and capital assistance provided by the state.

8.11 **EFFECTIVE DATE.** This section is effective July 1, 2014, for sales and purchases  
 8.12 made after June 30, 2014, except that the imposition of the tax under subdivision 2a is  
 8.13 on the first day of the calendar quarter beginning at least 60 days after the date of final  
 8.14 enactment. This section applies in the counties of Anoka, Carver, Dakota, Hennepin,  
 8.15 Ramsey, Scott, and Washington."

8.16 Page 15, delete section 2 and insert:

8.17 "Sec. 2. **[297A.9925] METROPOLITAN AREA TRANSIT SALES TAX;**  
 8.18 **ALLOCATION OF JOINT CERTIFICATION FUNDS.**

8.19 Subdivision 1. **Definitions.** For purposes of this section, the following terms have  
 8.20 the meanings given them:

- 8.21 (1) "board" means the joint powers board established under section 297A.992; and  
 8.22 (2) "net transit sales tax proceeds" has the meaning given in section 297A.992,  
 8.23 subdivision 1.

8.24 Subd. 2. **Allocation purposes.** In the manner specified under subdivision 6, the  
 8.25 net transit sales tax proceeds must be allocated under subdivision 3 by the board and the  
 8.26 Metropolitan Council for all of the following purposes:

- 8.27 (1) payment of debt service on bonds or other obligations, except for debt service on  
 8.28 bonds or other obligations issued under section 297A.992, subdivision 7;  
 8.29 (2) Metropolitan Council transit operations;  
 8.30 (3) 100 percent of the net operating subsidies for transitways and arterial bus rapid  
 8.31 transit;  
 8.32 (4) development and construction of transitways;  
 8.33 (5) grants awarded by the GEARS committee under section 297A.992, subdivision  
 8.34 5a;



9.1 (6) expansion and operation of regular route and commuter bus service provided  
9.2 by metro transit and suburban transit providers with expansion of service by an annual  
9.3 average rate of four percent;

9.4 (7) \$500,000 annually for a grant to the Center for Transportation Studies at the  
9.5 University of Minnesota; and

9.6 (8) following allocations under clauses (1) to (7), as otherwise specified in the joint  
9.7 certification under subdivision 3.

9.8 Subd. 3. **Joint certification.** (a) The board and the Metropolitan Council shall  
9.9 annually develop a joint certification as provided in this subdivision. The joint certification  
9.10 must include, at a minimum, allocations for the purposes stated in subdivision 2 and must  
9.11 be separately adopted by the board and by the council no later than August 31 of each year.

9.12 (b) By July 1, 2014, and by March 15 of each subsequent year, the commissioner of  
9.13 Minnesota Management and Budget shall provide to the board and council an estimate of  
9.14 the net transit sales tax proceeds for the subsequent calendar year.

9.15 (c) If, on October 1 in any year, the board and the Metropolitan Council have not  
9.16 reached agreement as to the contents of the joint certification, they shall submit the issue  
9.17 to a panel for dispute resolution. The panel must be composed of a member appointed by  
9.18 the chair of the Metropolitan Council, a member appointed by the board, and a member  
9.19 agreed upon by both the chair and the board. The panel shall mediate discussion of areas  
9.20 of disagreement and shall issue advisory recommendations.

9.21 (d) If the commissioner does not receive a joint certification by December 1, the  
9.22 commissioner may not remit the net transit sales tax proceeds except as provided by a  
9.23 legislatively enacted appropriation.

9.24 (e) The joint certification must specify the use of sales tax proceeds and account for  
9.25 deposit of the remainder after allocations.

9.26 (f) A joint certification may not exceed the estimated net transit sales tax proceeds.

9.27 (g) By December 15 annually, the board shall electronically submit a copy of any  
9.28 joint certification to the chairs and ranking minority members of the legislative committees  
9.29 with jurisdiction over transportation policy and finance.

9.30 Subd. 4. **Uses and priorities; Metropolitan Council.** The Metropolitan Council  
9.31 shall use funds remitted to the council under this section in the following priority order:

9.32 (1) continuation of bus and rail transit operations, including but not limited to  
9.33 operations of providers under section 473.388, and operations and maintenance of all  
9.34 transitways under revenue operations; and

9.35 (2) transit expansion in accordance with the transit portion of the council's policy  
9.36 transit plan, including, but not limited to, expansion and upgrades of bus service and

10.1 related amenities, including transit provided under section 473.388, development of  
10.2 arterial bus rapid transit, transitways, and streetcars as appropriate, and maintenance of  
10.3 affordable transit fares.

10.4 Subd. 5. **Uses and priorities; joint powers board.** The board shall use all funds  
10.5 remitted to the board under this section as provided in section 297A.992.

10.6 Subd. 6. **Remittance schedule.** The commissioner of revenue shall remit the net  
10.7 transit sales tax proceeds on a monthly basis to a fiscal agent selected by the board and  
10.8 council. The fiscal agent shall maintain three separate accounts: a council account, a  
10.9 board account, and an escrow account. Proceeds shall be deposited first into the board and  
10.10 council accounts based on the amounts determined pursuant to subdivision 3, then into  
10.11 the escrow account. The rate of deposit for all or any portion of the proceeds into any  
10.12 account may be modified by mutual agreement of the parties to reflect bond covenants  
10.13 or cash flow needs. Proceeds deposited into the board and council accounts shall be  
10.14 transferred to the board and council, respectively, within five business days of receipt.  
10.15 Unless otherwise directed herein, money held in the escrow account is subject to the joint  
10.16 certification process under subdivision 3.

10.17 **EFFECTIVE DATE.** This section is effective July 1, 2014, and applies in the  
10.18 counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."