

1.1 Davids from the Committee on Taxes to which was referred:

1.2 H. F. No. 5, A bill for an act relating to government finance; modifying imposition and
1.3 allocation of certain taxes; requiring certain tax analysis; requiring transportation funding
1.4 impacts analysis; repealing retail delivery fee; providing an unlimited Social Security
1.5 subtraction; requiring reports; appropriating money; amending Minnesota Statutes 2024,
1.6 sections 174.49, subdivisions 2, 3; 270C.15; 290.0132, subdivision 26; 296A.07, subdivision
1.7 3; 296A.08, subdivision 2; 297A.94; 297A.9915, subdivision 4; repealing Minnesota Statutes
1.8 2024, sections 168E.01; 168E.03; 168E.05; 168E.07; 168E.09.

1.9 Reported the same back with the following amendments:

1.10 Page 1, delete section 1 and insert:

1.11 "Section 1. Minnesota Statutes 2024, section 168.013, subdivision 1m, is amended to read:

1.12 Subd. 1m. **Electric vehicle.** (a) In addition to the tax under subdivision 1a, a surcharge
1.13 of ~~\$75~~ \$150 is imposed for an all-electric vehicle, as defined in section 169.011, subdivision
1.14 1a.

1.15 (b) Notwithstanding subdivision 8, revenue from the fee imposed under this subdivision
1.16 must be deposited as follows:

1.17 (1) 50 percent in the highway user tax distribution fund; and

1.18 (2) 50 percent in the transportation advancement account under section 174.49.

1.19 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment and
1.20 applies to taxes payable for a registration period starting on or after July 1, 2025. Paragraph
1.21 (b) is effective August 1, 2025.

1.22 Sec. 2. Minnesota Statutes 2024, section 168.1287, subdivision 1, is amended to read:

1.23 Subdivision 1. **Issuance of plates.** The commissioner must issue blackout special license
1.24 plates or a single motorcycle plate to an applicant who:

2.1 (1) is a registered owner of a passenger automobile, noncommercial one-ton pickup
2.2 truck, motorcycle, or recreational vehicle;

2.3 (2) pays an additional fee in the amount specified for special plates under section 168.12,
2.4 subdivision 5;

2.5 (3) pays the registration tax as required under section 168.013;

2.6 (4) pays the fees required under this chapter;

2.7 (5) contributes a minimum of \$30 annually to the driver and vehicle services operating
2.8 account; and

2.9 (6) complies with this chapter and rules governing registration of motor vehicles and
2.10 licensing of drivers.

2.11 **EFFECTIVE DATE.** This section is effective July 1, 2025.

2.12 Sec. 3. Minnesota Statutes 2024, section 168.1287, subdivision 5, is amended to read:

2.13 Subd. 5. **Contributions; account allocation.** Contributions collected under subdivision
2.14 1, clause (5), must be deposited in the driver and vehicle services operating account under
2.15 section 299A.705 transportation advancement account under section 174.49.

2.16 **EFFECTIVE DATE.** This section is effective July 1, 2025.

2.17 Sec. 4. Minnesota Statutes 2024, section 174.49, subdivision 2, is amended to read:

2.18 Subd. 2. **Transportation advancement account.** A transportation advancement account
2.19 is established in the special revenue fund. The account consists of funds under sections
2.20 168E.09, subdivision 2 168.013, subdivision 1m, 168.1287, and 297A.94; and as provided
2.21 by law, and any other money donated, allotted, transferred, or otherwise provided to the
2.22 account.

2.23 **EFFECTIVE DATE.** This section is effective July 1, 2025."

2.24 Page 1, line 21, delete "28" and insert "26"

2.25 Page 2, line 1, delete "34" and insert "35"

2.26 Page 2, line 3, delete "15" and insert "16"

2.27 Page 2, line 21, reinstate the stricken "(a)"

2.28 Page 3, after line 25, insert:

3.1 "(b) For the purposes of this subdivision, "Social Security benefits" has the meaning
 3.2 given in section 86(d)(1) of the Internal Revenue Code."

3.3 Page 5, delete section 7

3.4 Page 9, after line 8, insert:

3.5 "Sec. 11. Laws 2023, chapter 68, article 1, section 3, subdivision 2, as amended by Laws
 3.6 2024, chapter 127, article 1, section 11, is amended to read:

3.7		75,654,000	
3.8	Subd. 2. Transit System Operations	<u>58,654,000</u>	32,654,000

3.9 This appropriation is for transit system
 3.10 operations under Minnesota Statutes, sections
 3.11 473.371 to 473.449.

3.12 ~~\$40,000,000~~ \$23,000,000 in fiscal year 2024
 3.13 is for a grant to Hennepin County for the Blue
 3.14 Line light rail transit extension project,
 3.15 including but not limited to predesign, design,
 3.16 engineering, environmental analysis and
 3.17 mitigation, right-of-way acquisition,
 3.18 construction, and acquisition of rolling stock.
 3.19 Of this amount, ~~\$30,000,000~~ \$13,000,000 is
 3.20 available only upon entering a full funding
 3.21 grant agreement with the Federal Transit
 3.22 Administration by June 30, 2027. This is a
 3.23 onetime appropriation and is available until
 3.24 June 30, 2030.

3.25 \$3,000,000 in fiscal year 2024 is for highway
 3.26 bus rapid transit project development in the
 3.27 marked U.S. Highway 169 and marked Trunk
 3.28 Highway 55 corridors, including but not
 3.29 limited to feasibility study, predesign, design,
 3.30 engineering, environmental analysis and
 3.31 remediation, and right-of-way acquisition.

3.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.1 Sec. 12. Laws 2023, chapter 68, article 1, section 20, as amended by Laws 2024, chapter
4.2 127, article 1, section 13, is amended to read:

4.3 Sec. 20. **TRANSFERS.**

4.4 (a) \$152,650,000 in fiscal year 2024 is transferred from the general fund to the trunk
4.5 highway fund for the state match for highway formula and discretionary grants under the
4.6 federal Infrastructure Investment and Jobs Act, Public Law 117-58, and for related state
4.7 investments.

4.8 (b) \$19,500,000 in fiscal year 2024 and \$19,215,000 in fiscal year 2025 are transferred
4.9 from the general fund to the active transportation account under Minnesota Statutes, section
4.10 174.38. ~~The base for this transfer is \$8,155,000 in fiscal year 2026 and \$8,284,000 in fiscal~~
4.11 ~~year 2027.~~

4.12 (c) By June 30, 2023, the commissioner of management and budget must transfer any
4.13 remaining unappropriated balance, estimated to be \$232,000, from the driver services
4.14 operating account in the special revenue fund to the driver and vehicle services operating
4.15 account under Minnesota Statutes, section 299A.705.

4.16 (d) By June 30, 2023, the commissioner of management and budget must transfer any
4.17 remaining unappropriated balance, estimated to be \$13,454,000, from the vehicle services
4.18 operating account in the special revenue fund to the driver and vehicle services operating
4.19 account under Minnesota Statutes, section 299A.705.

4.20 **EFFECTIVE DATE.** This section is effective the day following final enactment."

4.21 Page 10, line 23, delete "10" and insert "14"

4.22 Page 10, after line 24, insert:

4.23 "Sec. 15. **TRANSFERS; TRANSPORTATION ADVANCEMENT ACCOUNT.**

4.24 The commissioner of transportation must transfer \$13,155,000 in fiscal year 2026 and
4.25 \$20,284,000 in fiscal year 2027 from the general fund to the transportation advancement
4.26 account under Minnesota Statutes, section 174.49. The base for this transfer is \$8,284,000
4.27 in each of fiscal years 2028 and 2029.

4.28 **EFFECTIVE DATE.** This section is effective July 1, 2025.

5.1 **Sec. 16. APPROPRIATIONS GIVEN EFFECT ONCE.**