

HF1450 - 1E - "Small Cities Assistance"

Chief Author: **Steve Drazkowski**
 Committee: **Transportation Policy and Finance**
 Date Completed: **03/23/2015**
 Lead Agency: **Transportation Dept**
 Other Agencies: **Revenue Dept**

| State Fiscal Impact | Yes | No |
|---------------------------|-----|----|
| Expenditures | | X |
| Fee/Departmental Earnings | | X |
| Tax Revenue | | X |
| Information Technology | | X |
| Local Fiscal Impact | X | |

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

| State Cost (Savings) | Biennium | | | Biennium | | |
|-----------------------|----------------------|--------|--------|----------|--------|--------|
| | Dollars in Thousands | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
| State Total | | | | | | |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | |
|--------------------------------------|----------|--------|--------|----------|--------|
| | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
| Total | - | - | - | - | - |

Lead Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Paul Moore Date: 03/23/2015
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

| State Cost (Savings) = 1-2 | | Biennium | | | Biennium | |
|----------------------------------------------------------|--|-----------------|--------|--------|-----------------|--------|
| Dollars in Thousands | | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
| Total | | - | - | - | - | - |
| Biennial Total | | | | - | | - |
| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | | |
| Total | | - | - | - | - | - |
| Biennial Total | | | | - | | - |
| 2 - Revenues, Transfers In* | | | | | | |
| Total | | - | - | - | - | - |
| Biennial Total | | | | - | | - |

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| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | |
|--------------------------------------|----------|--------|--------|----------|--------|
| | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
| Total | - | - | - | - | - |

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Katharine Barondeau Date: 3/23/2015 10:24:16 AM
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| State Cost (Savings) = 1-2 | | Biennium | | | Biennium | |
|----------------------------------------------------------|--------|-----------------|--------|--------|-----------------|---|
| Dollars in Thousands | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |
| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | | |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |
| 2 - Revenues, Transfers In* | | | | | | |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |

Bill Description

The bill establishes a small cities assistance program, to provide new state transportation funding for cities that are not eligible for municipal street aid. Each eligible city's distribution is based on each eligible city's population and miles of municipal streets. The Department of Revenue (DOR) shall be notified by the Department of Transportation (DOT) of the allocation of funds made available by law, and DOR shall distribute the funds to cities in the same manner as local government aid under Chapter 477A.

Assumptions

DOR's Property Tax Division will be responsible for making the payments to eligible cities, based on the information provided by DOT. Since DOR already makes several payments to cities, the administrative impact on DOR is anticipated to be minimal and DOR does not expect to incur administrative costs or savings as a result of this proposal.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

Eligible cities will receive additional aid when funding is available.

References/Sources

Agency Contact: Lisa Knops (651) 556-6754

Agency Fiscal Note Coordinator Signature: Lisa Knops

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|-----------------------|----------------------|--------|--------|----------|--------|--------|
| | Dollars in Thousands | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
| Total | - | - | - | - | - | - |
| Biennial Total | | | - | | | - |

| Full Time Equivalent Positions (FTE) | Biennium | | | Biennium | |
|--------------------------------------|----------|--------|--------|----------|--------|
| | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
| Total | - | - | - | - | - |

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Paul Moore Date: 3/23/2015 8:56:45 AM
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State Cost (Savings) Calculation Details

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| State Cost (Savings) = 1-2 Dollars in Thousands | Biennium | | | Biennium | |
|----------------------------------------------------------|----------|--------|--------|----------|--------|
| | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
| Total | - | - | - | - | - |
| Biennial Total | | | - | | - |
| 1 - Expenditures, Absorbed Costs*, Transfers Out* | | | | | |
| Total | - | - | - | - | - |
| Biennial Total | | | - | | - |
| 2 - Revenues, Transfers In* | | | | | |
| Total | - | - | - | - | - |
| Biennial Total | | | - | | - |

Bill Description

House File 1450-1E would establish a program to provide assistance to small cities for construction and maintenance of roads and bridges, and would create an account in the Special Revenue Fund. Eligible cities would be limited to those that do not receive transportation funding from municipal state aid under Minnesota Statutes 162.09-14 (basically cities with populations under 5,000). In years where funding is available, MnDOT would determine the allocation between eligible cities based on population (50%) and lane miles (50%). MnDOT would then notify the Minnesota Department of Revenue (DOR), who would be responsible for actually distributing the funds.

Funds provided in this account would be exempt from the state aid requirements in M.S. Chapter 162, including but not limited to engineering standards. This bill would be effective July 1, 2015.

Assumptions

These funds would be exempt from state aid requirements and would be distributed outside of the normal state aid processes. The only potential additional effort would be to estimate the allocation by city in years where funding was made available. The necessary data is readily available, so these efforts would be minimal. No fiscal impact is shown.

The bill would also make any appropriation to MnDOT available to DOR for distribution purposes. Any costs from this bill for DOR will be included in their fiscal note.

Expenditure and/or Revenue Formula

None

Long-Term Fiscal Considerations

This program would continue in future years

Local Fiscal Impact

Eligible cities would receive additional transportation funds in years where funding was made available

References/Sources

MnDOT Office of State Aid for Local Transportation (SALT)

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