

House Research Act Summary

CHAPTER: 75 (S.F. 1647)

SESSION: 2015 Regular Session

TOPIC: Transportation finance omnibus

Analyst: Matt Burress

Date: May 26, 2015

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/.

Overview

This bill contains the transportation budget as well as various omnibus finance and policy provisions. Some of the provisions are highlighted as follows.

- ▶ Makes FY 2016-17 appropriations for the Minnesota Department of Transportation as well as parts of the Department of Public Safety and the Metropolitan Council
- ▶ Incorporates several appropriations change items proposed by the executive branch
- ▶ Appropriates undesignated dollars from the trunk highway fund balance for trunk highway system operations and maintenance, program planning and delivery, and state road construction activities
- ▶ Creates a program for aid to small cities that are not eligible to receive municipal state-aid street funds (funded at \$12.5 million in FY 2016 from the general fund)
- ▶ Cancels \$29.7 million from a fiscal year 2013 appropriation for the Southwest light rail transit line
- ▶ Creates a fixed percentage split in funds allocated under each of the two formulas for county state-aid
- ▶ Increases the penalty for second and subsequent violations of the ban on use of wireless communications devices while driving
- ▶ Creates an exemption from some vehicle weight limits for vehicles that exclusively service portable toilets
- ▶ Establishes requirements for local units of government to provide for health insurance of dependents when a volunteer firefighter dies in the line of duty
- ▶ Amends membership of the Met Council's Transportation Advisory Board (TAB) so that there is one additional member, appointed by suburban transit providers
- ▶ Repeals the sunset on operating authority for mini trucks under local permits
- ▶ Requires legislative reports, on use of dedicated transportation funds and on a title transfer fee

Section**Article 1: Transportation Appropriations****Overview**

This article contains the transportation budget for FY 2016-17. Changes from base appropriations include agency operating increases, use of fund balance in the State Airports Fund, purchase of a State Patrol fixed wing aircraft (but not MnDOT aircraft), shifting a tort claims appropriation to go to MnDOT, appropriating additional available federal funds, and appropriating the bulk of the Trunk Highway Fund balance. General fund appropriations above base totals about \$62 million, of which \$29.7 million is from cancellation of the unencumbered portion of a fiscal year 2014 appropriation for the Southwest light rail transit project.

- 1 Summary of appropriations.** Summarizes direct appropriations by fund for each year.
- 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.** Establishes the 2016-17 biennial budget for MnDOT.

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

Subd. 2. Multimodal systems. Appropriates money for airports and aviation, Greater Minnesota transit, and freight and commercial vehicle operations. Onetime changes (appropriated from the general fund unless otherwise noted) include:

- ▶ \$11 million from the state airports fund for airport development and assistance (which uses additional funds available in the fund balance)
- ▶ \$5 million for Greater Minnesota transit
- ▶ \$3 million for the Port Development Assistance Program
- ▶ \$5 million for highway-rail grade crossing safety improvements
- ▶ \$145,000 for rail track repairs on a segment between White Bear Lake and Hugo

Subd. 3. State roads. Appropriates money for the state trunk highway system, including: operations and maintenance; program planning and delivery (for project development activities such as preliminary engineering and project management); state road construction (which provides for actual contracts for highway work as well as land acquisition and consultants); debt service on trunk highway bonds; and radio communications.

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.

Section

Appropriates \$12.5 million in fiscal year 2016 from the general fund for a new small cities assistance program established in article 2.

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

Subd. 6. Transfers. Permits transfer among some appropriations. Directs transfer of funds in the flexible highway account for county and municipal turnback projects.

Subd. 7. Previous state road construction appropriations. Allows MnDOT to use previous year trunk highway construction appropriations in fiscal years 2016 and 2017 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.** Establishes the 2016-17 biennial budget for state funding from the general fund for transportation functions of the Metropolitan Council. Establishes a base increase for FY 2018 and after of about \$13.2 million annually. Onetime changes consist of:
- ▶ \$2 million over FY 2016-17 for passthrough grants to suburban transit providers (opt-outs) for additional transit service between suburban communities
 - ▶ \$200,000 in fiscal year 2016 for passthrough grants to transportation management organizations (TMOs) in the Twin Cities metropolitan area that exclusively or primarily serve Minneapolis, St. Paul, and Bloomington
- 5 Department of Public Safety.** Establishes the 2016-17 biennial budget for transportation as well as some division-wide functions of the Department of Public Safety.

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

Subd. 2. Administration and related services. Appropriates money for administrative functions, including communications and other division-wide administrative and technology services. Provides appropriations riders for programs administered through the commissioner's office, including aid to local government for public safety officer survivor benefits, soft body armor reimbursements, and \$900,000 over the biennium in onetime funding for emergency response teams.

Subd. 3. State Patrol. Appropriates money for the State Patrol, including patrolling highways, commercial vehicle enforcement, and capitol security. Changes from base appropriations include:

- ▶ \$3.14 million for capitol security, which provides funds for a repeal of interagency security contracting among tenants in the Capitol Complex (in article 2)
- ▶ \$975,000 in fiscal year 2016 for a State Patrol aircraft (as a onetime appropriation)

Section

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).

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 Appropriation cancellation.** Cancels \$29.7 million in unencumbered funds from a fiscal year 2014 appropriation to the Metropolitan Council for the Southwest light rail transit line.
- 7 Appropriation cancellations.** Cancels the remaining funds from a fiscal year 2015 appropriation for disaster relief, which is replaced with a revised appropriation in section 8.
- 8 Department of Transportation; appropriation.** Appropriates \$2.38 million from the general fund for local match on federal disaster relief funding for local roads and bridges

Article 2: Transportation Policy**Overview**

This article contains various transportation policy and finance provisions.

- 1 Classifications.** Permits non-medical data on disability certificate holders to be released to employees or agents of cities and towns responsible for disability parking enforcement (which is in addition to release of data to local law enforcement agencies).
- 2 Software sale fund.** Directs proceeds from sales and licensing of software created by MnDOT or its contractors into the trunk highway fund instead of the MN.IT services revolving fund.
- 3 Appraisal.** Provides for creation of minimum damage acquisition reports instead of appraisals, for property with a value of less than \$25,000 that is being acquired prior to commencement of eminent domain proceedings.
- 4 Use of appraisal at commissioners' hearing.** Makes a conforming change.
- 5 Conditions.** Modifies, in a section of statutes on drainage, the range of subdivisions using a definition of "highway." This has the effect of causing a drainage provision to apply within cities; the provision requires a permit for a landowner's drain (from natural drainage) to be connected to drains or ditches within the road right-of-way.
- 6 [160.235] Traffic signal timing optimization.** Requires counties, cities, and towns with specified higher volume and arterial types of roads to create a traffic signal inventory and implement a traffic signal timing optimization plan.
- 7 Temporary permit for field application.** Provides for use, by permit, of the right-of-way of a road to temporarily run a flexible pipe to apply manure to a field, and specifies permit requirements.

Section

- 8 Appropriation; proceeds from state property.** Provides for MnDOT to active perform property management of MnDOT lands, including sales and leasing, funded by proceeds from the management activities.
- 9 Small targeted group business; subcontracting goals.** Modifies, in MnDOT's small targeted group business program, a provision governing subcontracting goals and demonstration of good faith effort.
- 10 Veteran-owned small business; subcontracting goals.** Modifies, in MnDOT's veteran-owned small business program, a provision governing subcontracting goals and demonstration of good faith effort.
- 11 Contract awards, limitations.** Permits, instead of requiring, limits set in administrative rules of the Department of Administration to apply to MnDOT's contracting preference programs (for small targeted group businesses, veteran-owned small businesses, and small businesses in economically disadvantaged areas).
- 12 Apportionment sum and excess sum.** Creates a fixed percentage split between the two separate formulas used in calculating county state-aid highway (CSAH) funding allocations to each county, so that:
- ▶ 68 percent of available funds are distributed under the apportionment sum formula (the "old" CSAH formula); and
 - ▶ 32 percent is distributed under the excess sum formula (the formula used under current law to allocate "new" funds to transportation, consisting of revenue from MVST constitutional dedication as well as 2008 legislative changes increasing the gas tax and changing the motor vehicle registration tax).
- 13 [162.145] Small cities assistance.** Creates a transportation aid program for small cities that do not receive municipal state-aid street funds – which, with some exceptions, is available only for cities having a population of at least 5,000. (Funding for the program is included in local roads appropriations in article 1.)
- Subd. 1. Definitions.** Defines terms.
- Subd. 2. Small cities assistance account.** Creates an account for assistance under this section.
- Subd. 3. Administration.** Establishes administrative provisions to direct funds to be allocated based on the formula in subdivision 4, create a mechanism for distributing aid in conjunction with local government aid (LGA) distributions by the Department of Revenue, and require State Auditor financial reporting compliance by small cities in order to receive funds.
- Subd. 4. Distribution formula.** Identifies a formula for distributing any available funds among the cities, so that subject to a per-city maximum cut-off (of 3.5 times the average aid in a fiscal year):
- ▶ 5 percent of the funding is allocated equally across the cities
 - ▶ 35 percent is allocated proportionally based on population

Section

- ▶ 35 percent is allocated proportionally based on lane-miles (i.e., counting each lane of a road) of municipal streets within each city
- ▶ 25 percent is allocated proportionally in declining amounts based on lane-miles of county state-aid highway (CSAH) within each city, so that the aid amount reduces (down to \$0) as the number of CSAH lane-miles increases

Subd. 5. Use of funds. Limits uses of the aid to road construction and maintenance. Exempts projects funded under the program from any state-aid design standards.

- 14 Trailer.** Modifies the registration period and tax rate for some trailers (weighing 3,000 to 7,200 pounds), to (1) optionally permit registration every three years instead of annually, and (2) raise the tax rate and filing fee accordingly (so that both are three times the rate charged under current law).
- 15 Recreational vehicle.** Modifies the registration period and tax rate for recreational vehicles that are towed (as opposed to self-propelled), to (1) optionally permit registration every three years instead of annually, and (2) raise the tax rate and filing fee accordingly (so that both are three times the rate charged under current law). Makes technical changes.
- 16 Application; fee; penalty.** Makes “drive-away/in-transit” license plates valid outside of Minnesota and only available to a business that is located within Minnesota.
- 17 Issuance.** Amends, in conjunction with a change in section 49 of this article, the effective date on a provision allocating \$30 contributions provided as part of obtaining a special Minnesota golf license plate. Under the change, allocation to the Department of Public Safety would begin July 1, 2015, instead of January 1, 2017.
- 18 Filing fees; allocations.** Establishes that the same filing fees and fee revenue allocation for motor vehicle transactions, such as vehicle registration, also apply to motor carrier fuel licenses issued under the International Fuel Tax Agreement (IFTA) program.
- 19 Fees.** Establishes a filing fee for a conditionally registered motor vehicle that matches the filing fee for other motor vehicle transactions, as well as a separate filing fee for subsequently clearing the conditional aspect of the registration when performed by a dealer. (Conditional registration can be used when the Department of Public Safety identifies outstanding questions about the ownership or security interests in a motor vehicle being titled and registered.)
- 20 Fuel license fees.** Establishes a \$100 reinstatement fee for issuing an IFTA license that had been revoked.
- 21 Passing certain parked vehicles.** Adds utility company vehicles to a provision directing motorists to move over if possible when passing parked freeway service, road maintenance, or construction vehicles on multilane roads.
- 22 Prohibition on use; penalty.** Sets a statutory minimum fine for second and subsequent violations of the prohibition on using a wireless communications device (such as texting on a cell phone) while driving. It sets the minimum amount as \$225 in addition to the amount set

Section

by the courts in its schedule for fines (which is \$50 under the current fine schedule, excluding a separate court surcharge).

- 23** **Headlamps.** Increases the total number of headlamps permitted on a motorcycle, from two to four, and makes technical changes.
- 24** **Driver; daily inspection, report.** Eliminates a required report on daily inspection of a commercial motor vehicle, if no defects or deficiencies are identified and the vehicle is not used to carry passengers. Makes conforming changes.
- 25** **Driver; pretrip inspection.** Limits required pretrip inspection report review and safety verification to the first time a vehicle is operated following completion of an inspection report.
- 26** **Exceptions.** Makes a conforming technical clarification (to reproduce a requirement contained in a cross reference).
- 27** **Insurance information required.** Requires a vehicle owner to provide auto insurance information when the vehicle is being registered.
- 28** **Length limits exclusion; aerodynamic device.** Establishes a general exemption from length limits on vehicles and trailers for aerodynamic devices (which are adjustable angled panels attached to the end of commercial vehicle semi-trailers in order to reduce drag from wind) as identified under a federal exemption that applies for some highways.
- 29** **Recycling and garbage vehicles.** Creates an exemption from vehicle weight limits (and associated criminal penalties) imposed (1) by local units of government for roads under their respective jurisdiction, and (2) under spring load restrictions, which are established by MnDOT during spring thaw periods. The exemption applies to vehicles that exclusively service portable toilets, are in use only for liquid waste collection, and have a weight of up to 14,000 pounds per axle and 26,000 gross weight.
- 30** **Electronic advertising device.** Defines “electronic advertising device” for the chapter on advertising along trunk highways, to mean a digital billboard device that can electronically display only static content.
- 31** **Prohibited advertising devices.** Excludes electronic advertising devices (as defined in section 30) from the general prohibition on certain types of advertising visible from trunk highways, if the digital content changes no more often than once every six seconds.
- 32** **Eligibility.** Adds a prerequisite for counties, cities, and towns to receive funds under the state’s Safe Routes to School program, that the local unit of government must require developers to include safe routes to school infrastructure in subdivision developments authorized after June 1, 2016.
- 33** **Damage caused by train or contents; insurable interest.** Amends the financial responsibilities of railroads in situations of injury, property damage, fire, and spills.
- 34** **Response to train-related fire or other emergency; reimbursement.** Provides for financial responsibilities of railroads for certain public emergency responder costs of response to a rail-related fire or other emergency.

Section

- 35 Federal out-of-service order; operation prohibited.** Prevents motor carriers and private carriers (who transport persons or property but are primarily engaged in a business that is not transportation services) from operating in *intrastate* commercial transportation if federal officials have placed an “out-of-service” order on the carrier under federal regulations governing motor carrier safety.
- 36 Federal out-of-service order; operation prohibited.** Prevents motor carriers and private carriers from operating in *interstate* commercial transportation if federal officials have placed an “out-of-service” order on the carrier under federal regulations governing motor carrier safety.
- 37 Expenditures.** Expands the permitted uses of funds under MnDOT’s Minnesota Rail Service Improvement (MRSI) program for rail-related aid, to include covering a portion of capital costs to improve rail yard capacity or safety.
- 38 Officer or firefighter killed in line of duty.** Adds volunteer firefighters to a provision requiring continued health insurance coverage of dependents (e.g., spouses and children) of a peace officer or firefighter who dies in the line of duty. Amends the conditions for when mandatory coverage terminates.
- 39 Volunteer firefighter killed in line of duty.** Provides for health insurance coverage of dependents on the part of a municipality when a volunteer firefighter is killed in the line of duty and the person was not eligible for the municipality’s group health insurance (if any).
- 40 Definition.** Defines terms for purposes of sections 38, 39, and 41.
- 41 Minimum benefit.** Clarifies that municipalities can offer additional health insurance benefits beyond the minimum required for dependents of deceased peace officers and firefighters (including volunteer firefighters).
- 42 Certificate.** Establishes that a certificate issued by the Department of Public Safety for overdimensional load escort drivers is the only required certification for a person to provide an escort of oversized motor vehicles.
- 43 Escort service; appropriation; receipts.** Permits the State Patrol to set fees for vehicle escorts based on actual costs rather than based on rates set in statute.
- 44 [299F.037] Reporting firefighter deaths.** Requires the fire chief of a deceased firefighter to report the death to the state fire marshal. The notification must include the cause and circumstances of the death.
- 45 Costs allocated; local contribution; hangar construction account.** Provides for MnDOT to set local contribution rates towards airport projects involving state or federal financial assistance. Sets a minimum of five percent from local sources with specified exceptions, which is decreased from 20 percent on non-federally supported projects, and eliminate caps on state funds towards hangar projects as well as maintenance, safety equipment, and snow removal costs of a municipal airport.
- 46 Transportation planning.** Creates an additional appointee to the Transportation Advisory Board, who must be an elected official from a city participating in an opt-out transit service system, and is appointed by the Suburban Transit Association.

Section

- 47** **Effective date.** Eliminates a 2015 sunset on authority for mini trucks to be operated under a special permit issued by local units of government.
- 48** **Evaluation of response preparedness and funding.** Modifies a legislative report due in January, 2017, to include public safety preparedness around ethanol transported by rail.
- 49** **Effective date.** Amends, in conjunction with a change in section 17 of this article, the effective date on a provision allocating \$30 contributions provided as part of obtaining a special Minnesota golf license plate. Under the change, allocation to the Department of Public Safety would begin July 1, 2015, instead of January 1, 2017.
- 50** **Legislative Route No. 228 removed.** Provides for a county turnback of Trunk Highway 228 (running from Vargas to U.S. Highway 10, south of Detroit Lakes) following agreement between MnDOT and Ottertail County.
- 51** **Legislative Route No. 275 removed.** Provides for a county turnback of Trunk Highway 275 (running from Boyd to U.S. Highway 212) following agreement between MnDOT and Lac qui Parle County.
- 52** **Cost participation policy.** Directs MnDOT to develop, in consultation with local units of government, a cost share policy on participation in construction and maintenance costs of shared projects. The policy must minimize costs borne by local government while accounting for constitutional restrictions on use of trunk highway fund dollars. It is due by March 1, 2016.
- 53** **Engine brakes; regulation by St. Paul.** Permits St. Paul to regulate use of engine compression braking (known as jake brakes) on a segment of I-94 in the city.
- 54** **Concrete diamond grinding slurry.** Requires MnDOT to consult with industry stakeholders on methodology in order to study deposit of slurry that results from diamond grinding work on roadways, and consult with the industry regarding best practices.
- 55** **Legislative report on vehicle title transfer fee funds.** Directs the Pollution Control Agency to submit a legislative report, by November 1, 2015, on the revenue and uses of a \$10 motor vehicle title transfer fee (which is deposited in the environmental fund).
- 56** **Report on dedicated fund expenditures.** Directs the transportation and public safety departments to produce a legislative report, due by January 15, 2016, on expenditures and transfers out of the trunk highway fund and the highway user tax distribution fund.
- 57** **Road design standards.** Directs MnDOT to collaborate with county and city engineers to develop design engineering standards and guidelines for similar roads across the governmental jurisdictions, including aligning state-aid and trunk highway road standards. MnDOT must provide an interim legislative report by March 15, 2016, and a final report by August 15, 2016, on the adopted standards.
- 58** **Repealer.** Eliminates a provision authorizing interagency agreements in which fees are charged to agencies that are tenants in the Capitol complex for Capitol Security services, along with a statutory appropriation of the fee revenue.

