

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill establishes a competitive grant program for funding transportation projects, in all transportation modes, that provide economic development benefits. The program is jointly administered by the Public Finance Authority (PFA), the Minnesota Department of Transportation (MnDOT), and the Minnesota Department of Employment and Economic Development (DEED). The legislation establishes various program details, agency duties, and requirements. Funding for the program is provided from a portion of a petroleum tank release cleanup fee imposed on petroleum tanks.

Section

### Article 1: Transportation Economic Development

#### Overview

This article creates the program and specifies duties for each agency involved in program administration. It also expands the transportation revolving loan fund program to include loans (from a new account) for transportation-related economic development projects.

- 1 Definitions.** Makes conforming changes.
- 2 Purpose; use of funds.** Makes technical changes.
- 3 Economic development loan account.** Establishes a new account in the transportation revolving loan fund, for use as part of the joint MnDOT/PFA Transportation Revolving Loan Fund program. Specifies that funds in the account are for loans for economic development purposes, including for projects that are not eligible for federal aid. Creates a standing appropriation to the PFA.

**4 [446A.0855] Transportation economic development assistance program.** Establishes a new transportation economic development assistance program for grants to fund transportation projects that provide economic development benefits. Specifies various program elements and administrative duties.

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

**Subd. 2. Program established.** Creates the program and authorizes the PFA to make grants under the program at its discretion.

**Subd. 3. Transportation economic development account.** Creates an account for program funds, to be under the budgetary jurisdiction of transportation finance committees. Allows up to 10 percent of total funds appropriated in a fiscal year to be transferred to a new account in the Transportation Revolving Loan Fund program (that account is created in section 3).

**Subd. 4. Program administration.** Establishes general administrative conditions. Mandates consultation as appropriate between the PFA, MnDOT, DEED, and an advisory council (also created in this statute). Requires that the agencies publicize and provide technical assistance on grant solicitations. Requires that MnDOT create a program manual. Allows the PFA to expend up to one percent of appropriations for administrative expenses.

**Subd. 5. Economic impact performance measures.** Requires that DEED develop performance measures for analyzing the economic impacts of projects funded by the program, both in selecting projects for funding and in reviewing projects after their completion. Prescribes basic requirements for the performance measures.

**Subd. 6. Financial assistance; general requirements.** Specifies that MnDOT establish basic requirements for grant recipient eligibility and project eligibility, which must include:

- Only providing funding to transportation projects or projects that have transportation as a key component;
- Only providing funding to a project that does not already have alternative funding sources and is not already programmed for funding in an upcoming year; and
- Allowing funding for projects in all modes of transportation, from streets and highways to transit, ports, aeronautics, rail, and nonmotorized transport.

Requires the PFA to create a solicitation and application process.

**Subd. 7. Financial assistance; criteria.** Requires MnDOT and DEED to create criteria for funding projects and specifies certain criterion to be included, such as the extent to which the project include economic benefits and the availability of funds or contributions from nonpublic sources.

**Subd. 8. Financial assistance; project evaluation process.** Requires that DEED evaluate projects, certify projects that can receive funding, and create a prioritized list of certified projects. Requires that MnDOT certify that each project is an appropriate

transportation-related project.

**Subd. 9. Financial assistance; awards.** Establishes conditions for grant awards to be made by PFA:

- The project must have been certified by both DEED and MnDOT;
- The amount of the grant must not exceed the amount specified in DEED's certification; and
- The amount of the grant must not exceed 50 percent of the project's total cost.

Mandates that the award of grants be geographically balanced throughout the state.

**Subd. 10. Council; establishment and duties.** Creates an advisory council to assist in program implementation and providing a legislative report, and specifies its basic duties.

**Subd. 11. Council; membership.** Identifies appointment and representation on the council. Mandates all appointments by September 1, 2010.

**Subd. 12. Council; administrative provisions.** Establishes requirements for council meeting and decision-making procedures, compensation, staff support from MnDOT, and acceptance of gifts.

**Subd. 13. Council; expiration.** Makes the council expire June 30, 2014.

**Subd. 14. Legislative report.** Requires an annual report to the legislature on the program, including an implementation summary, overview of projects funded, identification of allocation of funds, evaluation of economic development impacts, and recommendations for any legislative changes.

## **Article 2: Petroleum Tank Release Fund**

### **Overview**

This article amends the petroleum tank release cleanup program, to: require an annual report on the program; eliminate the "blink on" aspect of the petroleum tank release cleanup fee so that it is always on; and establish a transfer of money (primarily coming from the additional revenue generated by the petroleum tank release cleanup fee) to fund the transportation economic development assistance program being created in article 1.

- 5 Annual report.** Requires an annual report from the Petroleum Tank Release Compensation Board on the status of the petroleum tank release cleanup program.
- 6 Petroleum tank fund.** Modifies the petroleum tank release cleanup program, to change allowable uses of funds, amend the petroleum tank release fee, and transfer funds.

**Subd. 1. Revenue sources.** No changes made.

**Subd. 2. Imposition of fee.** Eliminates the "blink-on" of the fee so that it is always imposed, instead of being imposed for one quarter following those points

when the fund balance drops below \$4 million.

**Subd. 3. Petroleum tank release cleanup fee.** Makes conforming changes.

**Subd. 4. Expenditures; appropriations.** Establishes a funding level for the petroleum tank release cleanup program, which is set at:

- \$26 million; plus
- All funds that go into the petroleum tank fund except for money from the petroleum release cleanup fee and investment income (which would include fee revenue and civil fines); plus
- The fund balance from fiscal year 2010.

The remaining funds (i.e., the rest of the petroleum tank release cleanup fee monies and investment income) are transferred out of the program in subdivision 5.

Modifies the allowable expenditures of money from the petroleum tank release fund to include (1) the report mandated in section 1, and (2) the transfer of funds to the transportation economic development assistance program.

**Subd. 5. Account transfers.** Transfers funds not appropriated for the petroleum tank release cleanup program to the transportation economic development account (created as part of the new program in article 1).

The changes are effective July 1, 2010. Under current law, the petroleum tank release cleanup program and various related provisions are set to expire June 30, 2012.