

HOUSE RESEARCH

Bill Summary

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Authors: Hornstein

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Analyst: Matt Burress

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Section

1 Metropolitan area transit sales tax; tax, joint powers board. Creates a state-imposed local sales tax in the seven-county metropolitan area, so that (in conjunction with previous authority for a local option sales tax) the total transit sales tax in each county is at a rate of 0.75 percent. Modifies requirements concerning the Counties Transit Improvement Board (CTIB) and use of the revenues.

Subd. 1. Definitions. Modifies definitions of terms.

Subd. 2. Authorization; rates. No changes made.

Subd. 2a. Additional tax; rates. Imposes a local sales and use tax such that the total rate is 0.75 percent including the rate imposed under subdivision 2. Establishes a \$20 excise tax on motor vehicle sales in lieu of the sales tax, which is only imposed in counties where a parallel excise tax is not already in place under subdivision 2.

Subd. 3. Joint powers agreement. Requires all counties in the seven-county area to enter into an amended agreement for the joint powers board established in this section to administer a portion of the revenues from the sales taxes.

Subd. 4. Joint powers board. Amends the cap on administrative expenses of the board, and requires that the chair of the board must be a county commissioner.

Subd. 5. Grant awards; process, general requirements. Modifies a minimum guarantee provision that requires allocating some funds to counties that have a small share of sales taxes collected from with that county. The effect of the change (in

Section

conjunction with a definition change in subdivision 1) is to require that at least roughly 18 percent of revenues collected in Carver and Scott be provided in grants to those counties, respectively, for 2014 through 2018.

Subd. 5a. Grant awards; Grant Evaluation and Ranking System (GEARS) Committee. Amends the powers and duties of the GEARS committee within the Counties Transit Improvement Board (CTIB), to direct the committee to provide grants for bicycle and pedestrian infrastructure. Authorizes the committee to make the grants without needing approval from the CTIB board.

Subd. 5b. Grant awards; consistency with transportation plans. Makes technical changes to remove obsolete language and move a provision to another subdivision.

Subd. 6. Grant awards; eligible uses. Makes conforming and technical changes to move provisions to other subdivisions.

Subd. 6a. Priority of fund uses. No changes made.

Subd. 7. Bonds. No changes made.

Subd. 7a. Debt service statement. Requires the board to submit a statement on expected debt service for the upcoming year to the Department of Revenue. The allocation of revenues in section 2 includes an allocation to pay this amount.

Subd. 8. Remittance of revenues. Directs the Department of Revenue to remit net sales tax proceeds as directed in section 2.

Subd. 9. Administration, collection, enforcement. No changes made.

Subd. 10. Termination of local option taxes. Makes technical changes.

Subd. 11. Report. Modifies required information and recipients for a legislative report.

Subd. 12. Grant awards to Metropolitan Council. No changes made.

Effective July 1, 2013, for sales and purchases made after June 30, 2013, except that the additional sales tax under subdivision 2a starts the first day of the calendar quarter beginning at least 60 days after final enactment.

2 [297A.9925] Metropolitan area transit sales tax; allocation of funds. Provides for allocation of the proceeds from the sales taxes imposed in section 1.

Subd. 1. Definitions. Defines terms.

Subd. 2. Allocation formula. Allocates transit sales tax revenues, consisting of:

- ▶ an amount necessary to cover debt service on existing bonds issued under CTIB authority;

Section

- ▶ base funding levels for the Metropolitan Council and CTIB; and
- ▶ a joint certification amount for remaining available revenues, split between the Metropolitan Council and CTIB based on an agreement by those two entities.

Subd. 3. Joint certification. Establishes a process and timeline for the Metropolitan Council and CTIB to jointly certify, to the Department of Revenue, the allocation of funds between the two entities. Restricts allocation if a joint certification is not submitted by December 1 annually, provides for amending base funding levels from within the joint certification, and requires reporting to the legislature.

Subd. 4. Uses and priorities; Metropolitan Council. Establishes the priority uses of funds from the transit sales tax for the Metropolitan Council.

Subd. 5. Uses and priorities; joint powers board. Creates a cross reference for uses of funds from the transit sales tax for CTIB.

Subd. 6. Remittance schedule. Provides for administration of remittance payments.

Subd. 7. Transition. Allocates funds from the transit sales tax for the rest of calendar year 2013 (prior to the first joint certification).

- 3 Revenue bonds.** Permits the Metropolitan Council to sell revenue bonds to finance its transit capital improvement program and to refund the revenue bonds. Provides for the revenue bonds to be paid from the sales tax revenues authorized in the bill.
- 4 Obligations; additional authority after July 1, 2010.** Eliminates authority for the Metropolitan Council to issue additional authorized but unissued bonds for transit capital. This, in conjunction with similar changes in sections 5 and 6, has the effect of preventing additional general obligation bonding by the Council, and reduces over time the amount of the property tax levy that is imposed to pay debt service.
- 5 Obligations; additional authority after July 1, 2012.** Eliminates authority for the Metropolitan Council to issue additional authorized but unissued bonds for transit capital. Authority for bond issuance related to transit capital for opt-out transit providers is unchanged.
- 6 Repealer.** Eliminates authority for the Metropolitan Council to issue additional authorized but unissued bonds for transit capital.