

HOUSE RESEARCH

Bill Summary

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Subject: Prohibits use of state and local funds for a Rochester to Twin City area passenger rail project

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Overview

Prohibits any state aid or Rochester city, or Olmstead County tax revenues from being used to fund development of an intercity or interregional rail between Rochester and the Twins Cities metropolitan area. This includes a prohibition of using all Destination Medical Center (DMC) related funds for this purpose. Also modifies the spending counted toward the city's matching fund requirement for the DMC project.

Section

- 1 No spending for certain rail projects.** Prohibits using any state appropriation or grant to fund intercity or interregional rail between Rochester and the Twins Cities metropolitan area. Effective the day after final enactment.
- 2 Public infrastructure project.** Clarifies that the definition of public infrastructure project includes planning costs and excludes intercity or interregional passenger rail between Rochester and the Twins Cities metropolitan area.
- 3 Rochester, other local taxes authorized.** Prohibits Rochester from using revenue from its special taxes authorized to fund the city matching requirement for the DMC for intercity or interregional passenger rail between Rochester and the Twins Cities metropolitan area. Also clarifies that these taxes (on lodging, food and beverages, and admissions) may be spent for any purposes that qualify as a local matching contribution for the DMC.

Section

- 4** **Rochester, general sales tax authority.** Prohibits Rochester from using any of the revenue from its extended or additional general sales tax to fund intercity or interregional passenger rail between Rochester and the Twins Cities metropolitan area. Also clarifies that the city sales tax may be spent for any purpose that qualifies as a local matching contribution to the DMC.
- 5** **County tax authority.** Prohibits Olmsted County from using revenues from a local sales tax or wheelage tax imposed to fund the county share of the DMC project, or from its property tax or any other tax, to fund intercity or interregional rail between Rochester and the Twins Cities metropolitan area. Effective upon local approval. If the county does not approve the section by November 15, 2015, its local sales tax authority under this provision is repealed effective December 15, 2015.
- 6** **General aid, local matching contribution.** Provides that any city money spent to support the DMC Corporation or the EDA qualifies as a local matching contribution under the state aid program. Under present law, one-half of amounts spent for the corporation's operating and administrative costs do not qualify as a local match.
- 7** **Prohibition, passenger rail.** Prohibits Rochester, Olmstead County, or the DMC corporation from using any of the state aid received for DMC for any costs related to the development of intercity or interregional passenger rail between Rochester and the Twins Cities metropolitan area. Effective the day after final enactment.
- 8** **Use of Revenues.** Clarifies that the list of allowed use of revenues from the current Rochester general sales tax may not be used to fund any cost related to the development of intercity or interregional passenger rail between Rochester and the Twins Cities metropolitan area.
- 9** **City of Rochester, restriction on use of tax proceeds.** Prohibits Rochester from using revenue from its property tax or general or special sales taxes for costs related to the development of intercity or interregional passenger rail between Rochester and the Twins Cities metropolitan area.
- 10** **Effective date.** States that section 2 to 4, 6, 8, and 9 are effective upon local approval but only if the city approves all of the sections.