

File Number: H.F. 861 **Date:** May 15, 2017
Version: Conference committee report (CCRHF0861)

Authors: Torkelson

Subject: Transportation finance omnibus

Analyst: Matt Burress (matt.burress@house.mn)

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 is the transportation finance omnibus. The following highlights some of its provisions.

Budget and Funding

- ▶ Sets budget appropriations for the Minnesota Department of Transportation (MnDOT) as well as the transportation-related divisions of the Metropolitan Council and the Department of Public Safety, including: (1) appropriations over the base for aeronautics, some airports projects, some freight rail programs and activities, the Metropolitan Council, and local roads; (2) some agency operating increases, a State Patrol helicopter, and other Governor's change items; and (3) elimination of the passenger rail appropriation
- ▶ Authorizes a total of \$600 million in trunk highway bonds, consisting of \$300 million for the Corridors of Commerce program and \$300 million (in fiscal year 2019) for general state road construction
- ▶ Reallocates revenue from motor vehicle leases to go entirely to transportation purposes (after accounting for constitutionally dedicated Legacy amendment funds)
- ▶ Reallocates state sales tax revenue to go to transportation purposes, coming from: (1) general sales tax revenue from motor vehicle leases; (2) a short-term motor vehicle rental tax; (3) general sales tax revenue from short-term motor vehicle rentals; and (4) a portion of general sales tax revenue from motor vehicle repair and replacement parts
- ▶ Expends a total of \$372 million over the base from general fund sources for the 2018-19 biennium, with \$566.5 million over the general fund base for the 2020-21 biennium

Section

- ▶ Establishes a \$75 annual surcharge for electric vehicles

Transit Finance

- ▶ Limits when a portion of light rail transit operating costs are covered by state sources of funds, to only be available for current lines or if capital costs of the line are legislatively approved
- ▶ Prohibits the Metropolitan Council from using certificates of participation backed by motor vehicle sales tax revenue
- ▶ Modifies an allocation formula for minimum funding to suburban transit providers
- ▶ Clarifies and expands regional railroad authority limitations on funding light rail transit and commuter rail

Other Transportation Policy and Finance

- ▶ Establishes special plates and trunk highway system memorials
- ▶ Modifies process requirements and reporting for the Corridors of Commerce program
- ▶ Provides for motor vehicle title transfers on death
- ▶ Amends traffic safety regulations related to pupil transportation as well as bicycles
- ▶ Increases the minimum fine for passing school bus violations
- ▶ Modifies some motor vehicle weight limits and authorizes a special overweight vehicle permit for road construction materials
- ▶ Creates an active transportation program (which is not funded)
- ▶ Restricts grants under the Local Bridge program
- ▶ Establishes a Hazardous Materials Rail Safety program
- ▶ Modifies aspects of the Minnesota Rail Service Improvement program
- ▶ Restructures the Metropolitan Council to include local elected officials and eliminate the Transportation Advisory Board (TAB)
- ▶ Establishes light rail transit project development requirements
- ▶ Provides for a variety of MnDOT and Department of Public Safety agency initiatives
- ▶ Eliminates some MnDOT legislative reports
- ▶ Requires a number of studies, working groups, and legislative reports

Section

Article 1: Transportation Appropriations

Overview

This article establishes the transportation budget for fiscal years 2018-19.

1 Transportation appropriations. Defines terms. Establishes that appropriations are from the trunk highway fund, unless another is named, for the agencies and purposes specified

2 Department of Transportation. Establishes the biennial budget for MnDOT.

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

Subd. 2. Multimodal systems. Appropriates money for non-highway transportation modes including aeronautics, transit, and freight. Changes from base appropriations include:

- ▶ an increase for airport development (with a new Civil Air Patrol appropriation split out along with a base);
- ▶ some specific airports projects, funded from the state airports fund;
- ▶ \$150,000 each year as grants to a Twin Cities metropolitan area transportation management organization;
- ▶ \$1 million in additional onetime funds for the Safe Routes to School program;
- ▶ elimination of the appropriation for passenger rail;
- ▶ \$1 million as a onetime grant to Grand Rapids for a rail line study;
- ▶ \$1.5 million for track rehabilitation grants with specified criteria; and
- ▶ \$6 million as onetime funds over the biennium for hazardous materials freight rail safety, through a new program being established in the bill.

Subd. 3. State roads. Appropriates money for the state trunk highway system, including: operations and maintenance; program planning and delivery (with a new planning and research appropriation split out) for project development activities such as preliminary engineering and project management work; state road construction (which provides for actual contracts for highway work as well as land acquisition); Corridors of Commerce (which is a new appropriations line that has a base for fiscal years 2020-21); debt service on trunk highway bonds; and electronic communications.

Subd. 4. Local roads. Appropriates money for local road and bridge assistance. Allows for increases in the state-aid appropriations if there are additional funds and certain conditions are met. Changes from base appropriations include onetime appropriations of:

- ▶ \$10 million over the biennium for county roads in the Twin Cities metropolitan area, distributed to the seven counties based on an adjusted population calculation;

Section

- ▶ \$4 million over the biennium for town roads; and
- ▶ \$20 million over the biennium for the Small Cities Assistance program.

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

Subd. 6. Transfers. Authorizes transfers of funds among the MnDOT appropriations in some circumstances, and sets this authority as superseding a general statutory transfer provision. Directs transfer of funds in the flexible highway account for county and municipal turnback projects.

Subd. 7. State road construction appropriations carryforward. Allows MnDOT to use previous year trunk highway construction appropriations in the budget biennium if used for the original purpose, with required reporting.

Subd. 8. Contingent appropriation. Allows additional trunk highway fund money to be appropriated to MnDOT in some circumstances, upon approval by a legislative group.

Subd. 9. Requirements for certain legal activities. Prevents MnDOT from using the department's staff attorneys for activities related to data practices requests and requires the work to be done under an agreement with the Office of the Attorney General.

3 Metropolitan Council. Establishes the biennial budget for state general fund money for the transportation functions of the Metropolitan Council. Changes from the base include increasing the appropriation by \$50 million for the 2018-19 biennium and allocating \$1.5 million in fiscal year 2018 to suburban transit providers for suburb-to-suburb transit service.

4 Department of Public Safety. Establishes the 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 activities, including communications and other division-wide administrative and technology services. Creates separate appropriations lines for programs administered through the commissioner's office (which in past budgets has been funded as riders); these consist of aid to local government for public safety officer survivor benefits, officer health benefits, and soft body armor reimbursements.

Subd. 3. State Patrol. Appropriates money for the State Patrol, including patrolling highways, commercial vehicle enforcement, and capitol security. Changes from the base include \$5.75 million onetime from the general fund for a helicopter purchase and funding for trainee salaries at two tiers.

Subd. 4. Driver and vehicle services. Appropriates funds for driver and vehicle services, primarily from special revenue resulting from vehicle and driver licensing fees. Makes a onetime appropriation of \$8 million annually for the Minnesota Licensing and Registration System (MNLARS), from the operating accounts for driver and vehicle services (using account balance dollars).

Section

Subd. 5. Traffic safety. Appropriates funds for the traffic safety office.

Subd. 6. Pipeline safety. Appropriates special revenue funds for the pipeline safety office.

- 5 **Minnesota rail service improvement account transfers.** Directs transfer of \$3.5 million from the general fund to the Minnesota rail service improvement account for fiscal year 2018 (a portion of which is appropriated as part of the freight appropriations to MnDOT).
- 6 **Appropriation cancellation.** Cancels \$1.1 million in previous general fund appropriations for the Port Development Assistance program administered by MnDOT. MnDOT appropriations in the bill include similar funding under the program for Red Wing and Winona (as a rider in the freight budget activity).
- 7 **Appropriations budget.** Requires MnDOT and the Department of Public Safety to produce budget narratives and proposals for the 2020-21 biennium that match the budget structure set in the bill. Requires additional budgeting detail to be provided by the Metropolitan Council as part of its budget submission.

Article 2: Transportation Bonds

Overview

The article contains \$600 million in trunk highway bonding authorization and appropriations.

- 1 **Bond appropriations.** Provides for bond proceeds appropriations and a summary.
- 2 **Department of Transportation.**
- Subd. 1. Corridors of Commerce.** Appropriates \$300,000,000 in trunk highway bond proceeds to MnDOT for the Corridors of Commerce program. The department may use up to 17% of the amount each year for program delivery.
- Subd. 2. State road construction.** Appropriates \$300,000,000 in trunk highway bond proceeds to MnDOT for state road construction. It is available in fiscal year 2019.
- Subd. 3. Cancellations.** Provides for bond cancellation timing.
- 3 **Bond sale expenses.** Appropriates \$600,000 to the Department of Management and Budget for expenses in selling the bonds.
- 4 **Bond sale authorization.** Authorizes sale of trunk highway bonds to fund the bond proceeds appropriations in this article.
- 5 **Effective date.** Makes the article effective July 1, 2017.

Section

Article 3: Transportation Policy and Finance

Overview

This article contains various transportation finance and policy provisions.

- 1 **Group II salary limits.** Removes the Chair of the Metropolitan Council from the salary limit group. A salary for the Chair is set later in this article. This section is effective January 1, 2019.
- 2 **Cash sale price.** Eliminates a provision setting a \$75 maximum document fee that motor vehicle dealers can charge as part of vehicle sales, which is substantially reproduced in another section in this article (with an increased maximum).
- 3 **Bicycle trail program.** Makes a conforming change to a Department of Natural Resources statute on the bicycle trail program, to correspond to changes made later in this article.
- 4 **Clean air act settlement money.** Directs the Commissioner of Management and Budget to deposit Clean Air act settlement money into the Clean Air Act settlement account in the environment account. Clean Air Act settlement money must not be spent until specifically appropriated by law.
- 5 **Public service corporation exceptions.** Provides that taking of real property for construction or expansion of a light rail transit or bus rapid transit is subject to eminent domain provisions for forms of compensation that are in addition to compensation for the taking. This includes attorneys' fees; appraisals; compensation for loss of going concern; minimum compensation; certain other limitations; and reestablishment and relocation benefits. Provides for LRT and BRT appraisal fee awards. This section is effective from January 1, 2017.
- 6 **Bikeway.** Defines "bikeway" as a lane, path, route, regardless of whether designated for the exclusive use of bicycles or shared use.
- 7 **Roadway; bicycle lane; bicycle route; bicycle path.** Strikes a reference to the previous definition of "bikeway."
- 8 **Shared use path.** Defines "shared use path" as a bicycle facility that is physically separated from motorized traffic, located within highway right-of-way or independent right-of-way and available for use by other non-motorized users.
- 9 **Trunk highway appeal process.** Establishes that if MnDOT denies or revokes a trunk highway access permit, the property owner may appeal the decision through a contested case proceeding. Makes the determination of the administrative law judge final.
- 10 **Bikeways; powers and duties; design guidelines.** Deletes a requirement for MnDOT to adopt model requirements for establishment of recreational vehicle lanes along public highways. It specifies that the commissioner has the authority to plan, design, establish, and maintain bikeways on the right-of-way of trunk highways. The commissioner must compile and maintain a map of state bikeways, which must be published every two years. The

Section

commissioner must maintain bikeways within limits of trunk highway rights-of-way unless a written agreement or limited use permit provides otherwise.

- 11 **Cooperation among agencies and governments.** Removes the named agencies that must advise MnDOT on bikeway design guidelines (formerly “model standards”), and replaces them with the existing “nonmotorized transportation advisory committee.” Allows the commissioner to cooperate and enter into agreements with tribal governments regarding bikeway design guidelines.
- 12 **Design-build bridges for nonmotorized vehicles.** Replaces the terms “bicycle paths” and “bicycle trails” with “bikeways” in the section of statute on bids for nonmotorized vehicle bridges.
- 13 **State bicycle route; definition.** Defines “state bicycle route” as a series of one or more roads or bikeways designated for bicycle travel.
- 14 **State bicycle routes.** Requires MnDOT to identify state bicycle routes on existing right-of-way and trails, in cooperation with named entities.
- 15 **Connections with other bikeways.** Updates the section of statute regarding connections with other bikeways to replace “bikeway” with “state bicycle route.”
- 16 **Cooperation with other entities.** Authorizes MnDOT to enter into agreements and contracts with tribal governments in order to fulfill duties relating to state bicycle routes.
- 17 **Funding.** Revises a bicycle path funding provision to apply to shared use paths within state bicycle routes.
- 18 **Mississippi River trail.** Moves the statutory designation of the Mississippi River Trail bikeway to a different section of the same statute.
- 19 **Highway sponsorship program.** Authorizes MnDOT to establish a highway sponsorship program to allow businesses, civic groups, or individuals to voluntarily assist in improving and maintaining trunk highway property, roadside monuments, and historic sights.
- 20 **Trunk highway emergency relief account.** Eliminates a biennial MnDOT report on payments made from and deposits made to the trunk highway emergency relief account.
- 21 **Flexible highway account; turnback accounts.** Amends the formula for allocating a portion of funds in the flexible highway account to use a percentage instead of using a calculation of revenues.
- 22 **Project eligibility.** Modifies eligibility requirements for the Corridors of Commerce program in statute. Prohibits MnDOT from adding additional criteria.
- 23 **Project selection process; criteria.** Modifies project selection criteria for the Corridors of Commerce program. Requires MnDOT to use all of the statutory criteria and without adding any criteria in evaluating projects. The list of evaluated projects, along with the score for each project, must be made public.
- 24 **Legislative report; evaluation.** Amends the required legislative report on Corridors of Commerce to include additional details and provide for years when a report is not due.
- 25 **Route No. 259.** Makes a conforming change as part of a county turnback.

Section

- 26 **Chip A. Imker Memorial Highway.** Designates a stretch of Trunk Highway 65 around Cambridge as the “Chip A. Imker Memorial Highway.” Directs MnDOT to design and erect signage.
- 27 **Medal of Honor recipient Kenneth L. Olson Highway.** Designates a portion of Trunk Highway 23 in the city and surrounding town of Paynesville as the “Medal of Honor recipient Kenneth L. Olson Highway.” Directs MnDOT to design and erect signage.
- 28 **Corporal Benjamin S. Kopp Bridge.** Designates a bridge over U.S. Highway 52, which is Brandel Drive in the city of Coates, as the “Corporal Benjamin S. Kopp Bridge.” Directs MnDOT to design and erect signage.
- 29 **Senator Jim Metzen Memorial Highway.** Designates the portion of U.S. Highway 52 in Dakota County as the "Senator Jim Metzen Memorial Highway." Directs MnDOT to design and erect signage.
- 30 **Location and design of highway.** Updates the section of statute on location and design of highways with the new term “bikeway.”
- 31 **Rules; eligibility.** Eliminates a MnDOT bid preference eligibility sunset of eight years that applies to veteran-owned small businesses as well as small targeted group businesses.
- 32 **Spending on trunk highway system.** Requires MnDOT to track local government spending for trunk highway system work.
- 33 **Conveyance to highest bidder in certain cases.** Amends an excess trunk highway land conveyance process used in some situations, by authorizing MnDOT to offer sale of land to the abutting landowners based on appraised market value instead of through bidding or auction procedures.
- 34 **Services of licensed real estate broker.** Amends a provision on MnDOT use of a real estate broker to sell lands, so that brokers are authorized once lands are withdrawn from sale.
- 35 **Unsold lands.** Amends the excess trunk highway land conveyance process when real estate property remains unsold after an offer to the highest bidder, to permit MnDOT to make offers to anyone willing to pay at least the minimum public sale bid amount. Requires real estate that is for sale to be listed on an unsold property inventory.
- 36 **Passenger automobile; hearse.** Prevents an increase in total vehicle registration taxes due to the surcharge on electric vehicles being established for motor vehicles previously registered in Minnesota, regardless of prior ownership. This section is effective the day following final enactment and applies to taxes payable for registration periods starting on or after January 1, 2018.
- 37 **Electric vehicle.** Imposes a \$75 surcharge on electric vehicles as part of annual motor vehicle registration, with the revenue deposited in the highway user tax distribution fund. This section is effective the day following final enactment and applies to taxes payable for registration periods starting on or after January 1, 2018.
- 38 **Disability plates; application.** Adds motorized bicycles (commonly known as mopeds) as a type of vehicle for which a person can apply for disability plates. Modifies plate eligibility for parents and guardians. This section is effective January 1, 2018.

Section

- 39 Plate design; furnished by commissioner.** Makes a conforming change. This section is effective January 1, 2018.
- 40 Plate transfer.** Makes a conforming change. This section is effective January 1, 2018.
- 41 Retired law enforcement special plates.** Creates a new special plate for retired law enforcement. Sets eligibility and provides for plate design and transfers. The new plate would go into effect January 1, 2018.
- 42 “Start seeing motorcycles” special plates.** Creates a new “start seeing motorcycles” special plate. Sets eligibility, provides for plate design and transfers, and requires an annual donation to the motorcycle safety fund. The new plate would go into effect January 1, 2018.
- 43 Documentary fee.** Substantially reproduces a provision (eliminated in another section) that sets a maximum document fee motor vehicle dealers can charge as part of vehicle sales. The maximum fee is increased from \$75 to \$100 for fiscal years 2018-20; thereafter the maximum fee is \$125.
- 44 Deputy registrars.** Permits deputy registrars to store motor vehicle transaction records electronically after 60 days have passed, subject to a federal policy on secure storage and Department of Public Safety requirements as well as creation of an audit trail. Makes deputy registrars responsible for associated costs.
- 45 Application, issuance, form, bond, and notice.** Permits deputy registrars to issue a duplicate certificate of title for a motor vehicle (which adds to the current authority to receive duplicate title applications). Directs the Department of Public Safety to allow duplicate title issuance by deputies, starting August 1, 2018. Makes technical changes.
- 46 Transfer-on-death title to motor vehicle.** Allows a transfer-on-death (TOD) beneficiary designation to be entered on a motor vehicle certificate of title. This designation is subject to the rights of creditors. Provides for designation of the beneficiary. A beneficiary has no interest in the vehicle until after death of the owner.
- 47 Manufactured home affixed to real property.** Amends requirements for when the owner surrenders the manufacturer’s certificate of origin or certificate of title for a manufactured home to Driver and Vehicle Services (DVS), which results in the home becoming an improvement to real property (so that it is no longer titled as personal property). DVS cannot accept the surrender of a manufacturer’s certificate of origin or a certificate of title if there is a perfected security interest in the manufactured home.
- 48 Manufactured home unaffixed from realty.** Changes the titling process for manufactured homes that are not affixed to real property. Modifies and clarifies the circumstances in which DVS must issue a certificate of title or reissue a previously surrendered certificate of title.
- 49 Manufactured homes; ownership at issue.** Establishes a system for resolving situations where the ownership of a manufactured home is at issue. When an applicant cannot establish ownership because of the inability to locate past owners or applicable records, the applicant may submit specified documentation to DVS in order to obtain a certificate of title reissued. A perfected security interest may be canceled seven years from the date of perfection if the owner has paid the lien in full or the lien has been abandoned and the owner is unable to

Section

locate the lienholder to obtain a lien release. DVS may revoke a previously issued certificate of title issued under certain circumstances.

- 50 All-electric vehicle.** Defines an “all-electric vehicle” for the chapter of statutes on traffic regulations, as one that is exclusively powered by an electric motor. This section is effective the day following final enactment and applies to taxes payable for registration periods starting on or after January 1, 2018.
- 51 Head Start bus.** Excludes Type III vehicles as a type of Head Start bus. Narrows a restriction that Head Start buses must be painted a color that is not the standard school bus yellow.
- 52 St. Louis County Road 128.** Lowers the speed limit from 45 to 40 miles per hour on St. Louis County Road 128 in Eagles Nest Township. This section is effective the day following final enactment and applies once the new speed limit is posted.
- 53 Driving left of roadway center; exception.** Creates an exception from a ban on passing in no-passing zones, for passing bicycles under some circumstances. This section is effective the day following final enactment.
- 54 Laned highway.** Permits a school bus using its equipped stop-arm and flashing red lights system to stop in a bikeway in order to load and unload students.
- 55 Scope of privilege.** Makes a conforming change. This section is effective on January 1, 2018.
- 56 Identifying certificate.** Makes a conforming change. This section is effective on January 1, 2018.
- 57 White strobe lamp on certain buses transporting children.** Eliminates mounting location and usage requirements for flashing strobe lamps on school buses and Head Start buses.
- 58 Use of stop-signal arm.** Sets conditions for when a school bus driver can stop to load or unload students in a designated right-turn lane.
- 59 Violations by drivers; penalties.** Increases the minimum fine from \$300 to \$500 for failure to stop for a school bus that has activated its stop arm and flashing red lights system and for passing a school bus on the right when its warning light system is activated. This section is effective on August 1, 2017 and applies to violations on or after that date.
- 60 Rules.** Eliminates a requirement that administrative rules on school bus operation must be included in contracts with private bus operators.
- 61 National standards adopted.** Amends school bus vehicle and equipment standards developed by a national standards organization, so that the most recent standards are used.
- 62 Applicability.** Makes the most recent school bus vehicle and equipment standards—developed by a national standards organization—effective for buses manufactured after August 1 of the year following the year in which the standards are adopted.
- 63 Certification.** Amends demonstration of school bus certification as meeting vehicle and equipment standards, so that it is required on request of the Department of Public Safety.

Section

- 64** **Floor construction.** Amends and expands requirements for plywood covering on metal floors of school buses.
- 65** **Insulation.** Eliminates some floor insulation requirements, which is substantially re-created in another section in this article on floor construction.
- 66** **Windows.** Amends tinting and thermal glass requirements for windows at some locations on the bus.
- 67** **Video or mobile surveillance systems.** Expands the permitted width of some retrofitted video surveillance cameras, to be 3½ inches instead of three inches.
- 68** **Strobe lamp.** Eliminates mounting location and usage requirements for flashing strobe lamps on school buses and Head Start buses.
- 69** **Limitations; misdemeanor.** Makes a technical change to move an existing weight limit exemption for fire apparatus to a new subdivision. This section is effective the day following enactment. This section is effective the day following final enactment.
- 70** **Certain emergency vehicles.** Establishes motor vehicle weight limit exemptions for law enforcement special response vehicles and ambulances. This section is effective the day following enactment.
- 71** **Weight limits; vehicles transporting milk.** Increases weight limits by ten percent for transporting fluid milk in straight trucks (e.g. vehicles that are not truck tractor-semitrailer configurations) under some circumstances without a special permit required. This section is effective the day following final enactment.
- 72** **Requirements; restrictions.** Allows commercial vehicles hauling fluid milk under a six- or a seven-axle overweight vehicle permit issued by MnDOT to be operated on the Interstate system, as permitted under federal law.
- 73** **Road construction materials special permit.** Authorizes a special permit to exceed motor vehicle weight limits in order to haul road construction materials on six- and seven-axle vehicles. Specifies permit fees, authorizes operation on all road systems under the permit, sets conditions, and allocates permit revenue. This section is effective January 1, 2018.
- 74** **Civil liability.** Makes a conforming change to allow for civil enforcement of overweight milk trucks.
- 75** **Exception for type III vehicle drivers.** Amends regulations governing operating a type III vehicle for pupil transportation without a commercial driver's license, to require employer notification immediately following driver notice of a loss of driving privilege.
- 76** **Two-wheeled vehicle endorsement fee.** Allocates a greater portion of fee revenue to the motorcycle safety fund due to two-wheeled vehicle endorsements on driver's licenses.
- 77** **Application.** Permits driver's license agents to store motor vehicle transaction records electronically after 60 days, subject to a federal policy on secure storage and Department of Public Safety requirements as well as creation of an audit trail. Makes the agents responsible for associated costs.

Section

- 78** **Certain convictions not recorded.** Amends a provision that keeps some speeding convictions from appearing on a person's driving record, so that the exemption does not apply to commercial learner's permit holders.
- 79** **Abandoned and discontinued.** Defines a term for the chapter on outdoor advertising next to trunk highways.
- 80** **Conforming.** Defines a term for the chapter on outdoor advertising next to trunk highways.
- 81** **Commercial or industrial activity.** Modifies the types of business activity that are not included as "commercial or industrial activity" in unzoned commercial or industrial areas, so that the activity category excludes vehicle-mounted advertising, businesses that no longer exist or are not operating, and businesses that are for installation of outdoor advertising. This has the effect of preventing, in some situations, local zoning and local permits regulating advertising for the excluded business activity categories.
- 82** **Nonconforming.** Defines a term for the chapter on outdoor advertising next to trunk highways.
- 83** **Off-premise.** Defines a term for the chapter on outdoor advertising next to trunk highways.
- 84** **Scenic area.** Modifies a definition of scenic area to include federally designated scenic byways.
- 85** **Scenic byways.** Defines a term for the chapter on outdoor advertising next to trunk highways.
- 86** **Authority.** Amends the topics that MnDOT is directed to address in administrative rules related to outdoor advertising, to (1) permit rulemaking on legal nonconforming signs, and (2) eliminate required rulemaking on permits and permit renewals for installing advertising devices in scenic areas.
- 87** **Forms; content.** Modifies a requirement on outdoor advertising permit applications. Clarifies that a permit is necessary for accessing land under state jurisdiction to maintain advertising devices.
- 88** **Seed sign exemption.** Establishes an exemption from the general restriction on advertising devices next to trunk highways, so that crop varietal and seed corn signs are permitted under specified circumstances.
- 89** **Violations; removal.** Explicitly authorizes MnDOT to remove advertising devices that violate the general restriction on advertising devices next to trunk highways.
- 90** **Removal of advertising device for noncompliance.** Updates noncompliant advertising device removal authority, places liability for removal costs on the part of the advertising device owner, amends notice procedures, and sets a temporary storage requirement.
- 91** **Changeable electronic variable message signs.** Establishes regulations governing changeable electronic message signs, including prohibiting full motion or moving images, limiting message transition frequency, and regulating sign brightness levels.
- 92** **Stationary structure.** Prohibits advertising devices that are mobile or mounted with wheels.

Section

- 93 Permanent business.** Requires businesses in unzoned commercial and industrial areas to be in existence for at least three months before an advertising device permit can be issued.
- 94 Outdoor advertising devices; removal; maintenance.** Governs maintenance and removal of advertising devices that are next to the National Highway System. Authorizes MnDOT to remove destroyed or abandoned advertising devices. Limits advertising device owners to maintenance as opposed to more substantial alterations or repairs to the device.
- 95 Revision of statewide multimodal transportation plan.** Lengthens the revision cycle for the Statewide Multimodal Transportation Plan to be every five years instead of every four.
- 96 Statewide highway investment plan.** Amends the revision cycle for the Minnesota State Highway Investment Plan to be within one year of each revision to the Statewide Multimodal Transportation Plan, rather than in conjunction with a revision to that plan. Makes technical changes.
- 97 Active transportation program.** Requires MnDOT to establish an active transportation program to provide grants to local governments and tax exempt organizations to support bicycling, pedestrian activities, and other forms of nonmotorized transportation. The program is not funded in this bill.
- 98 Certification and disbursal for project of political subdivision.** Makes technical and clarifying changes.
- 99 Bridge costs in smaller cities.** Makes technical and clarifying changes.
- 100 Fracture-critical bridges.** Makes technical and clarifying changes.
- 101 Bridge grant program; rulemaking.** Sets a \$7 million total project cost limit in order for MnDOT to provide grants under the Local Bridge Replacement and Rehabilitation program. Allows grants for higher-cost bridge projects under some circumstances in which lower-cost projects have been funded.
- 102 Department of Transportation efficiencies.** Directs MnDOT to implement agency efficiencies that amount to at least 15 percent of the increased trunk highway fund appropriations in the budget. Specifies that resulting funds are for trunk highway construction and maintenance.
- 103 Availability of information.** Requires the information on major highway projects specified in a legislative report to also be available on the department's website.
- 104 Snow and ice control; appropriation.** Creates a contingent statutory appropriation of up to 50 percent of the unappropriated balance in the trunk highway fund, for snow and ice expenditures when costs of this activity exceed 110 percent of the biennial expenditure level set by MnDOT. Requires legislative reporting.
- 105 Metropolitan area transit investment.** Expands the required information for a legislative report on transit in the Twin Cities metropolitan area to make it more comprehensive, adds new definitions and amends existing definitions, modifies report due dates, and changes the lead agency to be the Metropolitan Council. This section is effective the day following final enactment, with the expanded information to be included starting with the October 15, 2018, report.

Section

- 106 Oil and other hazardous materials rail safety.** Establishes a hazardous materials rail safety program, identifying uses of funds under the program (including limiting to capital costs of improvements); counties, cities, and towns as the eligible recipients of grants; and grantmaking criteria. The program is funded in the MnDOT freight appropriations in article 1.
- 107 Exemptions for pipeline welding trucks.** Creates an exemption from motor carrier regulations for pipeline welding trucks, drivers, and employers. (Under a federal definition, these are pickup trucks that weigh 15,000 pounds or less, are owned by a welder, and are equipped with a pipeline construction or maintenance welding rig.) The exemption covers various regulatory provisions for intrastate commerce.
- 108 Rail service improvement account; appropriation.** Permits MnDOT administrative costs to come out of the Minnesota rail service improvement (MRSI) account. Moves the account to the transportation priorities fund. Makes technical changes.
- 109 Grants.** Broadens grantmaking authority under the MRSI program to provide for improvements that support economic development. Eliminates reference to a federal program that no longer exists.
- 110 Estates subject to claims.** Adds transfer-on-death titles or deeds to the list of assets to be considered as a part of the decedent's estate to determine medical assistance claims by the state.
- 111 Motor vehicle lease sales tax revenue.** Removes a \$32 million general fund allocation of revenue from the general sales tax collected on motor vehicle leases, and distributes total tax revenue as follows:
- ▶ 38 percent to the county state-aid highway fund;
 - ▶ 38 percent to the greater Minnesota transit account;
 - ▶ 13 percent to the local bridge program; and
 - ▶ 11 percent to the highway user tax distribution fund.
- The portion of revenue from the motor vehicle lease sales tax that comes from the legacy constitutional amendment is allocated in accordance with the constitutional distribution. Makes technical changes. This section is effective the day following final enactment and applies beginning with the revenue transfer recognized in fiscal year 2018.
- 112 Deposit of revenues.** Paragraphs (d) and (f) dedicate revenue from two sales taxes related to vehicle rental to the highway user tax distribution fund: the rental motor vehicle tax (9.2 percent tax rate), and the revenue from the general sales tax due to short-term motor vehicle lease or rental of motor vehicles (6.5 percent tax rate).
- Paragraph (g) dedicates specified amounts from the general sales tax revenue collected on the sale of motor vehicle repair and replacement parts to the highway user tax distribution fund.
- This section is effective July 1, 2017.
- 113 Termination of taxes; use of remaining funds.** Permits funds allocated to counties—if being provided as part of a dissolution of the Counties Transit Improvement Board (CTIB)—

Section

to be used for transportation purposes that includes roads (as authorized under the statewide authorization for a county transportation sales tax).

- 114 Sale, sells, selling, purchase, purchased, or acquired.** Allows a motor vehicle titled as transfer-on-death to transfer to a beneficiary without paying the sales tax.
- 115 Training program.** Modifies a salary provision for State Patrol trainees so that the salary must be at least 70 percent of the basic salary for State Patrol troopers, which replaces the current law cap of 70 percent.
- 116 Application.** Clarifies that transit funding limitations for regional railroad authorities apply whether or not a county is currently a part of CTIB or is a former member of CTIB. This section is effective the day following final enactment.
- 117 Definition.** Amends definition of “project” for provisions on regional railroad authority transit funding limitations, to include both the initial construction and extension of a light rail transit or commuter rail line. This section is effective the day following final enactment.
- 118 Metropolitan area or area.** Defines “metropolitan area” to exclude Cannon falls, which has the effect of keeping the city out of the jurisdiction of the Metropolitan Council. This section is effective the day following final enactment.
- 119 Metropolitan Council.** Makes changes to the make-up of the Metropolitan Council and makes administrative changes.

Subd. 1. Creation; membership. Limits the Metropolitan Council’s jurisdiction to the seven-county metropolitan area, increases the number of Metropolitan Council members from 17 to 28, and removes the Governor’s authority to appoint members. (The Governor continues to appoint the chair.) Members are county commissioners appointed by each metropolitan county, local elected officials appointed by each Council district, members to represent modes of transportation, and the commissioner of transportation.

Subd. 2a. Terms. Local elected officials and county commissioners serve two-year terms and the term ends sooner if the member ceases to hold elected office. An individual appointed by the commissioner of transportation serves at the pleasure of the appointing authority.

Subd. 2b. Municipal committee in each council district. Creates a municipal committee in each of the 16 Metropolitan Council districts, which is responsible for appointing one Metropolitan Council member. This subdivision is effective the day following enactment.

Subd. 3. Compensation. Sets the annual salary for the chair at \$40,000 and the annual salary for other members is \$20,000, except that the commissioner of transportation, or designee, is not eligible for compensation.

Subd. 3a. Redistricting. Makes conforming changes.

Subd. 4. Chair; appointment, officers, selection; duties and compensation. Makes technical changes.

Section

Subd. 9. Authority to vote; quorum; votes required for action. Provides for voting and quorum rules for the Metropolitan Council.

Effective date. This section is effective January 1, 2019.

- 120 Development guide; transportation.** Makes a conforming change. This section is effective January 1, 2019.
- 121 Transportation planning.** Eliminates the Transportation Advisory Board (TAB). This section is effective January 1, 2019.
- 122 Financial assistance.** Amends a formula that is used by the Metropolitan Council to allocate a portion of revenue from the motor vehicle sales tax (MVST) to suburban transit providers (opt-outs) and to distribute the revenue among the providers. It increases the percent share of MVST used in the calculation, which has the effect of increasing the minimum amount required to be allocated to and among the opt-outs. This section is effective the day following final enactment.
- 123 Limitations on certain debt obligations.** Prevents the Metropolitan Council from using certificates of participation or other obligations that are backed by MVST revenue. This section is effective the day following final enactment.
- 124 Project development requirements; alternatives and benefits analysis.** Requires the responsible authority for a light rail transit project to perform an alternatives and benefits analysis before beginning an environmental analysis or preliminary engineering. Lists topics to be included. This section is effective the day after enactment.
- 125 Operating costs.** Under current law, 50 percent of light rail transit net operating costs (after federal and fare revenues are used) must be paid from state sources. This section limits that requirement to light rail lines that (1) are in operation at the time of the section's enactment, or (2) after this section's enactment, have a specific appropriation from state funds for the capital costs of the light rail transit project. Light rail transit lines that do not meet either of these criteria must have operating and capital maintenance costs paid from nonstate funds. This section considers a light rail transit extension to be a separate project. This section is effective the day following final enactment.
- 126 Within 60 days; report.** Permits an administrative law judge, in hearing a disagreement over the content of a system statement, to consider the reasonableness of the metropolitan system plans. This section is effective January 1, 2019.
- 127 Motor vehicle parts sales taxes estimation.** Directs the Department of Revenue to report on an estimate of general sales tax revenue that is attributable to the sale and purchase of motor vehicle repair and replacement parts, including tires, accessories, affixed equipment, and fluids. The report is due by January 15, 2019.
- 128 Transportation project selection process.** Requires MnDOT to adopt and implement a policy on project selection for both the standard selection process and special selection processes, such as the Corridors of Commerce program. The policy must include specified information and must be consistent with criteria established in statute. MnDOT must submit a report on the policy to the legislature. The report must include proposed legislation to codify the policy.

Section

- 129** **Corridors of Commerce project eligibility.** Identifies a segment of U.S. Highway 212, from Chaska to Montevideo, as eligible to be evaluated in the next round of project selection in the Corridors of Commerce program. This section is effective the day following final enactment.
- 130** **City of Excelsior; eligibility for replacement service.** Directs the Metropolitan Council to provide financial assistance to the city of Excelsior to provide opt-out transit service, using the same formula that is in law for allocating motor vehicle sales tax funds to the opt-outs.
- 131** **Driver's license agent in New Brighton.** Expands the driver's license agent authority for the city of New Brighton, so that its office at city hall can provide the full range of driver licensing services in addition to the current limited service offerings.
- 132** **Electronic storage standards.** Directs the Department of Public Safety to develop standards by August 1, 2017, on secure electronic storage of data as well as paper destruction procedures for deputy registrars and driver's license agents. The authority to develop or modify the standards expires August 1, 2018. This section is effective the day following final enactment.
- 133** **Rule change on school bus operation.** Directs the Department of Public Safety to amend its administrative rules on school bus operation using the good cause exemption, to align with the statutory changes made regarding school bus stops. This section is effective the day following final enactment.
- 134** **Conveyance for historical purposes; McKinstry surplus lands.** Permits MnDOT to convey to the Minnesota Historical Society, without payment, portions of McKinstry Mounds and McKinstry Village land in Koochiching County.
- 135** **Department of Transportation loan conversion.** Converts a loan to the Minnesota Valley Regional Rail Authority to a grant. Future payments on the loan are cancelled. This section is effective the day following final enactment.
- 136** **Marked Interstate Highway 35 weigh station; moratorium.** Establishes a moratorium until February 1, 2018, on MnDOT designing or constructing a weigh station for southbound traffic on I-35 near the I-35W/I-35E split in the northern Twin Cities metropolitan area. This section is effective the day following final enactment.
- 137** **Highway construction costs and cost inflation study.** Requires MnDOT to contract for a study of highway construction costs, inflation, and cost estimating. The commissioner must also report to the legislature on a comparison of estimated versus actual costs of projects. The report is due February 15, 2018.
- 138** **Vibration susceptibility study on Calhoun Isles property.** Directs the Metropolitan Council to contract with an engineering group, as identified by a condominium association, for a vibration study of Calhoun Isles property (in conjunction with the Southwest Light Rail Transit project).
- 139** **Report on dedicated fund expenditures.** Directs MnDOT and the Department of Public Safety to produce an updated legislative report on expenditures and transfers out of the trunk highway fund and the highway user tax distribution fund, which is due by February 15, 2018.

Section

- 140 Active transportation program recommendations.** Directs the Advisory Committee on Nonmotorized Transportation to develop and submit by October 1, 2017, recommendations to MnDOT regarding the project evaluation and selection process for the active transportation program being established earlier in this article. The committee must consult with specified entities. In its next annual report, the committee must include a summary of its recommendations. This report must be submitted to the legislature.
- 141 Report by Commissioner of Transportation on MnPASS lanes and tolling.** Requires MnDOT to report to the legislature on using MnPASS lanes and tolling to reduce congestion and raise revenue. The report must be submitted by January 2, 2018. This section is effective the day following final enactment.
- 142 Report by Commissioner of Transportation on turnbacks.** Requires MnDOT to report to the legislature by February 15, 2018, on turnback projects completed in the past five years and anticipated projects for the next two years. For the next ten years, the commissioner must report on projects completed in the past year and anticipated projects for the next two years. This section is effective the day following final enactment.
- 143 Working group for intersection in Wilkin County; report.** Requires MnDOT to report to the legislature by January 1, 2018, on project options to address the concerns of the intersection of Highway 55 and Wilkin County Road 19. The department must establish a working group to determine the preferred project option. The working group must identify project options by December 15, 2017, with a goal of project completion by December 31, 2019. This section is effective the day following final enactment.
- 144 Metro Mobility Enhancement Task Force.** Establishes a Metro Mobility Enhancement Task Force to examine options to enhance the Metro Mobility program by partnering with transportation network companies or taxi services to increase program service levels and efficiency. (A transportation network company is a ridesharing service like Uber or Lyft.) By February 15, 2018, the task force must submit a report to the legislature that summarizes its work and findings. This section is effective the day following final enactment.
- 145 Legislative Route No. 123 removed.** Provides a county turnback of Trunk Highway 112 (running from Le Sueur to Le Center) following agreement between MnDOT and Le Sueur County.
- 146 Legislative Route No. 225 removed.** Provides a county turnback of Trunk Highway 225 (running from Ponsford to Trunk Highway 34 near Osage in Becker County) following agreement between MnDOT and Becker County.
- 147 Revisor's instruction.** Changes codification of a transit legislative report, to move it to the chapter of statutes that governs the Metropolitan Council.
- 148 Sec. 148. Repealer.**
- Paragraph (a)** repeals statutes relating to bicycle and other nonmotorized transportation.
 - Paragraph (b)** repeals a redundant trunk highway statutory designation.
 - Paragraph (c)** repeals the Stillwater lift bridge account report and the railroad yard lighting report done by MnDOT.

Section

Paragraph (d) repeals a provision relating to school bus electrical systems.

Paragraph (e) repeals rules relating to signs in scenic areas.

Paragraph (f) repeals rules relating to bicycle and other nonmotorized transportation.

Paragraph (g) repeals a session law that sets the salary of the Metropolitan Council and members. This section is effective January 1, 2019.