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### Overview

This bill provides funding for the small Cities Assistance program, through two sources: (1) appropriating \$25 million in each of fiscal years 2018 and 2019 from the general fund, as onetime appropriations; and (2) allocating the revenue from a 9.2 percent tax on short-term vehicle rentals on an ongoing basis, starting in fiscal year 2020.

The Small Cities Assistance program provides formula-based aid to cities with (for the most part) a population under 5,000. Due to constitutional limitations, such cities do not have municipal state-aid streets and accordingly do not receive municipal state-aid street funds. The Small Cities Assistance program was created in 2015. It was funded with an appropriation for fiscal year 2015 only, and there is not a base appropriation or other ongoing funding.

#### Section

- 1**     **Deposit of revenue.** Allocates the revenue from a 9.2 percent sales tax collected on short-term motor vehicle rental to fund the Small Cities Assistance program. Rentals of passenger cars, vans, and pickup trucks of 28 days or less are subject to this tax in addition to the general sales tax. Currently this money is deposited in the general fund. The allocation change would go into effect for revenue in fiscal year 2020 and after.
- 2**     **Appropriation; small cities assistance program.** Appropriates \$25 million in each year for fiscal years 2018 and 2019 from the general fund to MnDOT for the small Cities Assistance program.