HOUSE RESEARCH

Bill Summary

Article 1: Metropolitan Congestion Management

Overview

Article 1 establishes a new congestion management component within the Corridors of Commerce program, to develop projects aimed at reducing congestion on trunk highways in the Department of Transportation's metropolitan district. It authorizes trunk highway bonds for projects under the program component. Funding for the program component and debt service on any bonds is provided from the metropolitan fiscal disparities program in article 2.

Section

1   **Definitions.** Defines "congestion management program component" as a component of the Corridors of Commerce program administered by the Minnesota Department of Transportation (MnDOT).

2   **Corridors of commerce account; appropriation.** Creates a corridors of commerce account in the trunk highway fund. Appropriates money in the account annually to MnDOT for spending only for the congestion management program component, including transfers for debt service on trunk highway bonds being authorized in conjunction with the program component.

3   **Project selection process; criteria.** Provides that MnDOT must not take into account funding made specifically available for the metropolitan congestion management component when selecting projects for the general Corridors of Commerce program.

Section

| 4 | **Metropolitan congestion management; requirements.** Requires MnDOT to implement a metropolitan congestion management component within the Corridors of Commerce program to reduce congestion and improve mobility in the Twin Cities metropolitan area. Some conditions in addition to the regular Corridors of Commerce program apply, notably: |

- the project must be wholly or primarily within the MnDOT metropolitan district;
- the project must be for capacity development on a section of a trunk highway, prioritizing movement of passenger vehicles and a return on investment measure; and
- funds available for the metropolitan congestion management may not be used for transit facilities or for traffic lanes where user fees will be imposed (such as MnPASS lanes).

5   **Metropolitan congestion management; consultation.** Requires MnDOT to consult with representatives of local governments in the metropolitan area in implementing the congestion management component of the Corridors of Commerce program.

6   **Metropolitan congestion management; trunk highway bonds authorization; appropriation.** Authorizes the commissioner of management and budget to issue trunk highway bonds for projects in the congestion management component of the Corridors of Commerce program, at the request of the commissioner of transportation. Requires the bonds to be scheduled so that no more than 90 percent of the money in the corridors of commerce account will need to be transferred each year to pay debt service on the bonds.

7   **Debt-financing management policy.** Directs MnDOT to modify its debt management policies to address debt for the congestion management component of the Corridors of Commerce program separately from other trunk highway bonds.

8   **Effective date.** Provides that article 1 is effective July 1, 2018.

Article 2: Metropolitan Fiscal Disparities Reform

Overview

Article 2 modifies the metropolitan fiscal disparities program by eliminating the 1971 base value subtraction and reducing the contribution percentage from 40 percent to 37 percent. It also limits distributions from the areawide pool to municipalities with above-average residential property value per capita, and provides that $24 million of the areawide pool will be set-aside for funding of the transportation initiatives in article 1.

1   **Area.** Provides that property located at the Minneapolis-St. Paul International Airport and the St. Paul Airport will participate in the fiscal disparities program.

Section

2	**Residential property.** Clarifies and updates the definition of residential property used in the fiscal disparities program.
3	**Adjustments to net tax capacity.** Eliminates the 1971 base value subtraction from the fiscal disparities program, so that each municipality's contribution to the areawide pool will be a uniform percentage of all commercial-industrial property in the municipality.
4	**Areawide net tax capacity.** Reduces the contribution percentage for the fiscal disparities pool from 40 percent to 37 percent.
5	**Initial distribution net tax capacity.** Defines the term "initial distribution net tax capacity."
6	**Metropolitan congestion management pool.** Provides that each municipality's distribution from the pool will be reduced by a uniform percentage to achieve an overall reduction of $24 million, and that this $24 million shall comprise the "metropolitan congestion management pool."
7	**Limit on distribution net tax capacity.** Provides that municipalities where the residential market value per capita exceeds 110 percent of the average residential market value per capita for the metropolitan area may not receive a distribution from the pool in excess of their contribution to the pool. Municipalities with residential value per capita between 100 percent and 105 percent of the metro average will have their distribution limited to 120 percent of their contribution to the pool. Municipalities with residential value per capita between 105 percent and 110 percent of the metro average will have their distribution limited to 110 percent of their contribution to the pool. Provides that any distribution reductions resulting from this section must be added to the metropolitan congestion management pool under section 6.
8	**Certification to county auditor.** Technical changes necessary due to other changes in the article.
9	**Computation of net tax capacity.** Technical changes necessary due to other changes in the article.
10	**Transportation fund.** Provides that the administrative auditor must annually apply the areawide tax rate to the tax base constituting the metropolitan congestion management pool resulting from sections 6 and 7, and pay the resulting amount to the commissioner of transportation for deposit to the corridors of commerce account in the trunk highway fund.
11	**City net tax capacity.** Provides that LGA payment amounts for cities in the metro area must be determined based on the city's initial distribution tax capacity from the areawide pool before the reductions under section 6 and the limitation under section 7.
12	**Definitions.** Provides that CPA payment amounts for counties in the metro area must be determined based on the county's initial distribution tax capacity from the areawide pool before the reductions under section 6 and the limitation under section 7.