

1.1 A bill for an act

1.2 relating to transportation; creating transit fund in state treasury and establishing
1.3 accounts; imposing a sales tax within the metropolitan area with the proceeds
1.4 dedicated to metropolitan transit operations; appropriating money; amending
1.5 Minnesota Statutes 2006, sections 16A.88; 174.24, subdivision 1; proposing
1.6 coding for new law as Minnesota Statutes, chapter 473J.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2006, section 16A.88, is amended to read:

1.9 **16A.88 TRANSIT FUNDS FUND.**

1.10 Subdivision 1. **Transit fund.** A transit fund is established within the state treasury.
1.11 The fund receives money distributed under section 297B.09, and other money as specified
1.12 by law. Money in the fund must be allocated to the greater Minnesota transit account
1.13 under subdivision 1a and the metropolitan area transit account under subdivision 2, and
1.14 must be used for public transit assistance purposes.

1.15 Subd. 1a. **Greater Minnesota transit fund account.** The greater Minnesota
1.16 transit fund account is established within the state treasury transit fund. Money in the
1.17 fund account is annually appropriated to the commissioner of transportation for assistance
1.18 to public transit systems outside the metropolitan area under section 174.24. Beginning in
1.19 fiscal year 2003, The commissioner may use up to \$400,000 each year for administration
1.20 of the transit program. The commissioner shall use the fund account for transit operations
1.21 as provided in section 174.24 and related program administration.

1.22 Subd. 2. **Metropolitan area transit fund account.** The metropolitan area transit
1.23 fund account is established within the state treasury transit fund. All money in the fund
1.24 account is annually appropriated to the Metropolitan Council for the funding of public

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2.1 transit systems within the metropolitan area under sections 473.384, 473.387, 473.388,
2.2 and 473.405 to 473.449.

2.3 ~~Subd. 3. **Metropolitan area transit appropriation account.** The metropolitan~~
2.4 ~~area transit appropriation account is established within the general fund. Money in the~~
2.5 ~~account is to be used for the funding of transit systems in the metropolitan area, subject to~~
2.6 ~~legislative appropriation.~~

2.7 Sec. 2. Minnesota Statutes 2006, section 174.24, subdivision 1, is amended to read:

2.8 Subdivision 1. **Establishment; purpose.** A public transit participation program is
2.9 established to carry out the objectives stated in section 174.21 by providing financial
2.10 assistance from the state, including the greater Minnesota transit ~~fund~~ account established
2.11 in section 16A.88, to eligible recipients outside of the metropolitan area.

2.12 Sec. 3. **[473J.01] METROPOLITAN TRANSPORTATION AREA.**

2.13 The metropolitan transportation area is the area within the counties of Anoka,
2.14 Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

2.15 Sec. 4. **[473J.02] SALES TAX.**

2.16 A sales tax and a use tax of 0.50 percent is imposed on retail sales and uses taxable
2.17 under chapter 297A that occur in the metropolitan transportation area. These taxes are in
2.18 addition to the taxes imposed by sections 297A.62, subdivision 1; 297A.63, subdivision
2.19 1; 473.757, subdivision 10; Laws 2006, chapter 257, section 21; and any local taxes
2.20 imposed pursuant to a special law.

2.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
2.22 June 30, 2007.

2.23 Sec. 5. **[473J.03] TAX COLLECTION.**

2.24 The taxes imposed by section 473J.02 must be reported and paid to the commissioner
2.25 of revenue with the taxes imposed by chapter 297A and in accordance with an agreement
2.26 between the counties in the metropolitan transportation area and the commissioner of
2.27 revenue. The taxes are subject to the same interest, penalty, and other provisions provided
2.28 for sales and use taxes under chapters 289A and 297A. The commissioner has the same
2.29 powers to assess and collect the taxes as are given the commissioner in chapters 270C,
2.30 289A, and 297A to assess and collect sales and use taxes. The commissioner shall deposit
2.31 the revenues, including interest and penalties, derived from the taxes in the state treasury
2.32 and credit them to the general fund.

3.1 EFFECTIVE DATE. This section is effective for sales and purchases made after
3.2 June 30, 2007.

3.3 Sec. 6. [473J.04] SALES TAX PROCEEDS FOR TRANSIT; APPROPRIATION.

3.4 Subdivision 1. Transfer to fund. (a) The revenue collected under section 473J.03,
3.5 less the cost of collection, is appropriated from the general fund to the commissioner of
3.6 finance for transfer to the metropolitan area transit account in the transit fund.

3.7 (b) The cost of collection equals the direct and indirect costs of the Department of
3.8 Revenue to administer, audit, and collect the revenue, plus the metropolitan transportation
3.9 area's proportionate share of the indirect cost of administering all local sales and use taxes
3.10 under section 297A.99.

3.11 Subd. 2. Use of fund. Money transferred to the metropolitan area transit account
3.12 under subdivision 1 is appropriated to the Metropolitan Council for capital costs,
3.13 including debt service on bonds, for light rail transit; and for operating costs of bus, rail,
3.14 and paratransit service within the metropolitan transportation area, including special
3.15 transportation service under section 473.386 and replacement transit service under section
3.16 473.388.

3.17 EFFECTIVE DATE. This section is effective for sales and purchases made after
3.18 June 30, 2007.