

S.F. No. 625 – Township Road Improvement Program; Dedication of Auto Parts Sales Tax Revenues (1st Engrossment)

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Section 1 creates the Township Road Improvement Grant Program.

Subdivision 1 creates the township road improvement account in the special revenue fund and the township road improvement account in the bond proceeds fund. Money in the accounts is appropriated to the commissioner of transportation for grants to townships under this program.

Subdivision 2 creates the township road improvement advisory committee to make recommendations to the commissioner for grants under this program. The 5-member committee is made up of township officials and engineers.

Subdivision 3 directs the commissioner to establish grant application procedures and project award criteria, in consultation with representatives of the Minnesota Association of Townships. Criteria must include consideration of: fund availability, the effectiveness of the proposed project, the number of people affected by the project, the project's effect on economic development efforts, and the ability of town to operate and maintain project after completion.

Subdivision 4 allows the commissioner to use 0.25 percent of funds available in the accounts created in **subdivision 1** for administrative costs of the program.

Section 2 amends the dedication of revenues from the general sales tax on vehicle repair and replacement parts.

Under current law, a specific dollar amount (\$12,137,000) of the revenues is deposited monthly into the highway user tax distribution fund (HUTDF) and the remainder of the revenues into the general fund. This section changes the dedication to a percentage, as follows:

- 54% deposited in the HUTDF;
- 3% deposited in the small cities assistance account in the special revenue fund;
- 3% deposited in the township road improvement account in the special revenue fund (created in **section 1**); and
- 40% remaining in the general fund.

This bill is effective July 1, 2021.