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S.F. No. 4717 – Use of dedicated transportation revenues for local government debt service

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S.F. 4717 permits funds distributed or transferred from the transportation advancement account (TAA) to be used as debt service payments for bonds and other obligations issued by cities and metropolitan counties, if the obligations are issued for allowable transportation projects. Under current law, TAA resources consist of (1) a percentage of the sales tax on motor vehicle repair and replacement parts and (2) total revenue from the retail delivery fee, effective in fiscal year 2025.

Section 1 adds “debt service” as an allowable use of funds distributed to cities from the small cities assistance account, for obligations issued for construction and maintenance of roads within the city. This account receives 27% of total TAA resources, and funds in the account are distributed to cities with population under 5,000.

Section 2 adds a new subdivision to the section of statute on the larger cities assistance account, specifying that funds distributed to cities from the account are for the construction and maintenance of roads within the city. The allowable uses include debt service for obligations issued for this purpose. This account receives 15% of total TAA resources, and funds in the account are distributed to cities with population of at least 5,000.

Section 3 adds “debt service” as an allowable use of funds distributed to metropolitan counties from the TAA. The debt service must be for obligations issued for county transportation projects that are eligible for TAA funding. Metropolitan counties receive 36% of total TAA resources, allocated among the counties by statutory formula.