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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3998

05/09/2016 Authored by Runbeck, Albright and Hertaus

The bill was read for the first time and referred to the Committee on Transportation Policy and Finance

1.1 A bill for an act  
1.2 relating to transportation; governing transit finance and policy in the Twin Cities  
1.3 metropolitan area; requiring transportation planning; requiring certain funding  
1.4 recommendations to the legislature; amending requirements governing a local  
1.5 option transportation sales tax; establishing an account; making technical and  
1.6 conforming changes; amending Minnesota Statutes 2014, sections 16A.88,  
1.7 subdivision 1, by adding a subdivision; 297A.992, subdivisions 1, 2, 3, 4, 6a, 7,  
1.8 8, 10; 473.146, subdivisions 1, 3; proposing coding for new law in Minnesota  
1.9 Statutes, chapter 473; repealing Minnesota Statutes 2014, section 297A.992,  
1.10 subdivisions 5, 6, 11, 12.

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

1.12 ARTICLE 1

1.13 METROPOLITAN AREA TRANSIT FINANCE AND POLICY

1.14 Section 1. Minnesota Statutes 2014, section 16A.88, subdivision 1, is amended to read:

1.15 Subdivision 1. **Transit assistance fund established.** (a) A transit assistance fund is  
1.16 established within the state treasury. The fund receives money ~~distributed under section~~  
1.17 ~~297B.09, subdivision 1, and other money~~ as specified by law.

1.18 (b) Money in the fund received under section 297B.09, subdivision 1, must  
1.19 be allocated to the greater Minnesota transit account ~~under subdivision 1a~~ and the  
1.20 metropolitan area transit account ~~under subdivision 2~~ in the manner specified in that  
1.21 ~~section 297B.09, subdivision 1, and.~~

1.22 (c) Money in the fund must be used solely for transit purposes under the Minnesota  
1.23 Constitution, article XIV, section 13.

1.24 Sec. 2. Minnesota Statutes 2014, section 16A.88, is amended by adding a subdivision  
1.25 to read:

2.1 Subd. 4. Metropolitan area transit stability account. The metropolitan area transit  
2.2 stability account is established within the transit assistance fund in the state treasury. The  
2.3 account consists of funds allocated under section 297A.992, subdivision 8, and any other  
2.4 funds donated, allotted, transferred, or otherwise provided to the account. Money in the  
2.5 account may be expended only as appropriated by law.

2.6 **EFFECTIVE DATE.** This section is effective July 1, 2016.

2.7 Sec. 3. Minnesota Statutes 2014, section 473.146, subdivision 1, is amended to read:

2.8 Subdivision 1. **Requirement.** (a) The council shall adopt a long-range  
2.9 comprehensive policy ~~plan~~ plans for transportation and wastewater treatment. ~~The plans~~  
2.10 Each policy plan must substantially conform to all policy statements, purposes, goals,  
2.11 standards, and maps in the development guide developed and adopted by the council under  
2.12 section 473.145 and this chapter.

2.13 (b) Each policy plan must include, to the extent appropriate to the functions,  
2.14 services, and systems covered, the following:

2.15 (1) forecasts of changes in the general levels and distribution of population,  
2.16 households, employment, land uses, and other relevant matters, for the metropolitan area  
2.17 and appropriate subareas;

2.18 (2) a statement of issues, problems, needs, and opportunities with respect to the  
2.19 functions, services, and systems covered;

2.20 (3) a statement of the council's goals, objectives, and priorities with respect to the  
2.21 functions, services, and systems covered, addressing areas and populations to be served,  
2.22 the levels, distribution, and staging of services; a general description of the facility systems  
2.23 required to support the services; the estimated cost of improvements required to achieve the  
2.24 council's goals for the regional systems, including an analysis of what portion of the funding  
2.25 for each improvement is proposed to come from the state, Metropolitan Council levies, and  
2.26 cities, counties, and towns in the metropolitan area, respectively, and other similar matters;

2.27 (4) a statement of policies to effectuate the council's goals, objectives, and priorities;

2.28 (5) a statement of the fiscal implications of the council's plan, including a statement  
2.29 of: (i) the resources available under existing fiscal policy; (ii) the adequacy of resources  
2.30 under existing fiscal policy and any shortfalls and unattended needs; (iii) additional  
2.31 resources, if any, that are or may be required to effectuate the council's goals, objectives,  
2.32 and priorities; and (iv) any changes in existing fiscal policy, on regional revenues and  
2.33 intergovernmental aids respectively, that are expected or that the council has recommended  
2.34 or may recommend;

3.1 (6) a statement of the relationship of the policy plan to other policy plans and  
 3.2 ~~chapters~~ relevant portions of the ~~Metropolitan~~ development guide;

3.3 (7) a statement of the relationships to local comprehensive plans prepared under  
 3.4 sections 473.851 to 473.871; and

3.5 (8) additional general information as may be necessary to develop the policy plan or  
 3.6 as may be required by the laws relating to the metropolitan agency and function covered  
 3.7 by the policy plan.

3.8 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following  
 3.9 final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,  
 3.10 Scott, and Washington.

3.11 Sec. 4. Minnesota Statutes 2014, section 473.146, subdivision 3, is amended to read:

3.12 Subd. 3. ~~Development guide: Transportation policy plan.~~ (a) The transportation  
 3.13 ~~chapter~~ policy plan must include policies relating to all transportation forms and be  
 3.14 designed to promote the legislative determinations, policies, and goals set forth in section  
 3.15 473.371.

3.16 (b) In addition to the requirements regarding the contents of the policy plan under  
 3.17 subdivision 1, the transit element of the plan must include a primary objective of transit  
 3.18 system expansion to a 15 percent transit mode share by 2025, calculated for all trips. The  
 3.19 transit system expansion objective must be developed utilizing:

3.20 (1) projections of ridership by transit mode, including but not limited to regular route  
 3.21 bus, express bus, demand response and paratransit, highway bus rapid transit, arterial bus  
 3.22 rapid transit, commuter rail, and light rail transit; and

3.23 (2) evaluation of origin and destination data, commuting patterns, and the forecasts  
 3.24 created under subdivision 1, paragraph (b), clause (1).

3.25 (c) In addition to the requirements of subdivision 1 regarding the contents of the  
 3.26 policy plan, the nontransit element of the ~~transportation~~ chapter plan must include the  
 3.27 following:

3.28 (1) a statement of the needs and problems of the metropolitan area with respect to  
 3.29 the functions covered, including the present and prospective demand for and constraints  
 3.30 on access to regional business concentrations and other major activity centers and the  
 3.31 constraints on and acceptable levels of development and vehicular trip generation at  
 3.32 such centers;

3.33 (2) the objectives of and the policies to be forwarded by the policy plan;

3.34 (3) a general description of the physical facilities and services to be developed;

3.35 (4) a statement as to the general location of physical facilities and service areas;

4.1 (5) a general statement of timing and priorities in the development of those physical  
4.2 facilities and service areas;

4.3 (6) a detailed statement, updated every two years, of timing and priorities for  
4.4 improvements and expenditures needed on the metropolitan highway system;

4.5 (7) a general statement on the level of public expenditure appropriate to the  
4.6 facilities; and

4.7 (8) a long-range assessment of air transportation trends and factors that may affect  
4.8 airport development in the metropolitan area and policies and strategies that will ensure  
4.9 a comprehensive, coordinated, and timely investigation and evaluation of alternatives  
4.10 for airport development.

4.11 (d) The council shall develop the nontransit element in consultation with the  
4.12 transportation advisory board and the Metropolitan Airports Commission and cities  
4.13 having an airport located within or adjacent to its corporate boundaries. The council shall  
4.14 also take into consideration the airport development and operations plans and activities  
4.15 of the commission. The council shall transmit the results to the state Department of  
4.16 Transportation.

4.17 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following  
4.18 final enactment and applies for the next plan update. This section applies in the counties  
4.19 of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

4.20 Sec. 5. **[473.1462] REGIONAL TRANSIT SYSTEM INVESTMENT PLAN.**

4.21 Subdivision 1. Annual regional transit system investment plan. (a) By December  
4.22 15 annually, the council must prepare and adopt a comprehensive regional transit system  
4.23 investment plan under this section. The plan must describe and account for transit system  
4.24 operating and capital investments planned to occur over at least the next ten calendar years.

4.25 (b) The council's adopted annual transit operating and capital budgets must be  
4.26 consistent with the transit system investment plan. The transit system investment plan  
4.27 may be amended as needed.

4.28 (c) The council must submit the plan to the chairs and ranking minority members of  
4.29 the legislative committees with jurisdiction over transportation policy and finance and to  
4.30 the Legislative Commission on Metropolitan Government under section 3.8841.

4.31 Subd. 2. Plan requirements. The regional transit system investment plan under this  
4.32 section must:

4.33 (1) provide projection details for (i) all revenues expected to be available to the  
4.34 council for transit, (ii) operating and capital maintenance costs, and (iii) capital expansion  
4.35 expenditures;

5.1 (2) analyze sufficiency of revenue for proposed operating and capital expenditures,  
 5.2 including an analysis of revenue and expenditure impacts for each proposed light rail  
 5.3 transit or bus rapid transit line;

5.4 (3) utilize the most cost-effective and efficient method for meeting the transit system  
 5.5 expansion objective in the transportation policy plan under section 473.146, subdivision 3;

5.6 (4) utilize cost-benefit analysis to compare any proposed light rail or commuter rail  
 5.7 line with (i) express bus, (ii) arterial bus rapid transit, and (iii) highway bus rapid transit;

5.8 (5) identify specific transit operations and capital investments expected in each  
 5.9 year of the plan;

5.10 (6) provide information on all regional public transit services funded in whole or in  
 5.11 part by the council, including but not limited to regular route bus services operated by  
 5.12 the council and replacement service providers under section 473.388, Metro Mobility  
 5.13 special transportation services provided under section 473.386, other dial-a-ride and  
 5.14 vanpool services provided by the council, and regional transitway operations and capital  
 5.15 investments for all existing and proposed transitway lines;

5.16 (7) utilize prioritization criteria in transit system investment management, which  
 5.17 must account for: (i) service for transit-dependent populations; (ii) cost-effectiveness; (iii)  
 5.18 basic transit service amenities, including signage and shelters; (iv) transit service amenity  
 5.19 improvements; (v) safety measures; (vi) best practices; and (vii) ongoing evaluation  
 5.20 of routes; and

5.21 (8) be consistent with the council's adopted transportation plans and programming.

5.22 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following  
 5.23 final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,  
 5.24 Scott, and Washington.

5.25 Sec. 6. **[473.3905] TRANSIT FUNDING RECOMMENDATIONS.**

5.26 **Subdivision 1. Funding recommendations to legislature.** (a) As provided in this  
 5.27 section, the council must adopt recommendations on legislation that appropriates the  
 5.28 forecasted available funds from the metropolitan area transit stability account in the transit  
 5.29 assistance fund for transit operations and projects.

5.30 (b) The council must submit the transit funding recommendations to the legislature  
 5.31 annually in conjunction with either an operating or capital budget submitted by the  
 5.32 governor under section 16A.11.

5.33 **Subd. 2. Funding eligibility.** The transit funding recommendations may only  
 5.34 identify funding from among the following eligible uses:

6.1 (1) bus operations, including but not limited to regular route service, special  
 6.2 transportation service, contracted service, and assistance to replacement service providers  
 6.3 under section 473.388;

6.4 (2) bus capital and bus facilities;

6.5 (3) intermodal transportation stations and facilities;

6.6 (4) park and ride facilities; and

6.7 (5) bus rapid transit and rail transitways, including but not limited to project  
 6.8 development, land acquisition, environmental analysis, design, engineering, construction,  
 6.9 equipping, operations, and capital maintenance.

6.10 Subd. 3. **Requirements.** (a) The transit funding recommendations must:

6.11 (1) take the form, as approved by the revisor of statutes, of proposed legislation;

6.12 (2) be accompanied by a narrative that summarizes: (i) the selection list under  
 6.13 subdivision 4, paragraph (d); (ii) comments under subdivision 4, paragraph (e); and (iii)  
 6.14 the investment priorities reflected in the recommendations, including analysis of the level  
 6.15 of funding for ongoing operating expenditures compared to funding for expansion of the  
 6.16 transit system, considering all major transit funding sources;

6.17 (3) specify appropriation amounts for each project or purpose; and

6.18 (4) be consistent with the council's transportation plans and programming, including:  
 6.19 (i) the development guide under section 473.145; (ii) the policy plan under section 473.146,  
 6.20 subdivision 3; (iii) the regional transit system investment plan under section 473.1462;  
 6.21 and (iv) the transit capital improvement program under section 473.39, subdivision 4.

6.22 (b) The transit funding recommendations may include grants to political subdivisions  
 6.23 for project development purposes.

6.24 Subd. 4. **Recommendations development; selection committee.** (a) The council  
 6.25 must establish a process for developing the transit funding recommendations under this  
 6.26 section.

6.27 (b) The council must establish a recommendations selection committee, which  
 6.28 must consist of:

6.29 (1) one county commissioner from each metropolitan county, appointed by each  
 6.30 respective county board;

6.31 (2) one elected official who is a city representative from each metropolitan county;

6.32 (3) one additional elected official who is a city representative from each county  
 6.33 for every additional 400,000 in population, or fraction of 400,000, in a county having  
 6.34 a population that is above 400,000; and

6.35 (4) the chair of the council's Transportation Committee.

7.1 (c) Each city representative must be elected at a meeting of cities in the metropolitan  
 7.2 area, which must be convened for that purpose by the Association of Metropolitan  
 7.3 Municipalities.

7.4 (d) The committee under paragraph (b) shall evaluate projects and transit funding  
 7.5 options following objective criteria established by the council, and must provide to the  
 7.6 council a selection list for recommended funding that includes a priority ranking.

7.7 (e) The process for development of recommendations must include review and  
 7.8 comment by:

- 7.9 (1) the commissioner of transportation;
- 7.10 (2) the advisory body under section 473.146, subdivision 4; and
- 7.11 (3) replacement service providers under section 473.388.

7.12 Subd. 5. **Legislative process.** The transit funding recommendations must be  
 7.13 considered by the legislative committees having jurisdiction over transportation finance.

7.14 **Sec. 7. APPLICATION.**

7.15 Section 6 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,  
 7.16 Scott, and Washington.

7.17 **Sec. 8. EFFECTIVE DATE.**

7.18 Unless specified otherwise, this act is effective January 1, 2017.

7.19 **ARTICLE 2**

7.20 **METROPOLITAN AREA TRANSIT SALES TAX**

7.21 Section 1. Minnesota Statutes 2014, section 297A.992, subdivision 1, is amended to  
 7.22 read:

7.23 Subdivision 1. **Definitions.** For purposes of this section, the following terms have  
 7.24 the meanings given them:

7.25 (1) "metropolitan transportation area" means the counties participating in the joint  
 7.26 powers agreement under subdivision 3; and

7.27 (2) "eligible county" means the county of Anoka, Carver, Dakota, Hennepin,  
 7.28 Ramsey, Scott, or Washington;.

7.29 (3) ~~"committee" means the Grant Evaluation and Ranking System (GEARS)~~  
 7.30 ~~Committee;~~

7.31 (4) ~~"minimum guarantee county" means any metropolitan county or eligible county~~  
 7.32 ~~that is participating in the joint powers agreement under subdivision 3, whose proportion~~

8.1 ~~of the annual sales tax revenue under this section collected within that county is less~~  
 8.2 ~~than or equal to three percent; and~~

8.3 ~~(5) "population" means the population, as defined in section 477A.011, subdivision~~  
 8.4 ~~3, estimated or established by July 15 of the year prior to the calendar year in which~~  
 8.5 ~~the representatives will serve on the Grant Evaluation and Ranking System Committee~~  
 8.6 ~~established under subdivision 5.~~

8.7 Sec. 2. Minnesota Statutes 2014, section 297A.992, subdivision 2, is amended to read:

8.8 Subd. 2. **Authorization; rates.** (a) Notwithstanding section 297A.99, subdivisions  
 8.9 1, 2, and 3, or 477A.016, or any other law, the board of a county participating in a  
 8.10 joint powers agreement as specified in this section shall impose by resolution (1) a  
 8.11 transportation sales and use tax at a rate of one-quarter of one percent on retail sales and  
 8.12 uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle, as defined  
 8.13 in section 297B.01, subdivision 11, purchased or acquired from any person engaged in the  
 8.14 business of selling motor vehicles at retail, occurring within the jurisdiction of the taxing  
 8.15 authority. The taxes authorized ~~are to~~ must fund transportation transit improvements as  
 8.16 ~~specified in this section~~, including debt service on obligations issued ~~to finance such~~  
 8.17 ~~improvements~~ pursuant to subdivision 7.

8.18 (b) The tax imposed under this section is not included in determining if the total tax  
 8.19 on lodging in the city of Minneapolis exceeds the maximum allowed tax under Laws 1986,  
 8.20 chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article  
 8.21 12, section 87, or in determining a tax that may be imposed under any other limitations.

8.22 Sec. 3. Minnesota Statutes 2014, section 297A.992, subdivision 3, is amended to read:

8.23 Subd. 3. **Joint powers agreement.** Before imposing the taxes authorized in  
 8.24 subdivision 2, an eligible county must declare by resolution of its county board to be part  
 8.25 of the metropolitan transportation area and must enter into a joint powers agreement. The  
 8.26 joint powers agreement:

8.27 (1) must form a joint powers board, as specified in subdivision 4;

8.28 (2) must provide a process that allows any eligible county, by resolution of its county  
 8.29 board, to join the joint powers board and impose the taxes authorized in subdivision 2; and

8.30 (3) may provide for withdrawal of a participating county before final termination of  
 8.31 the agreement; and

8.32 ~~(4) may provide for a weighted voting system for joint powers board decisions.~~

8.33 Sec. 4. Minnesota Statutes 2014, section 297A.992, subdivision 4, is amended to read:



9.1 Subd. 4. **Joint powers board.** (a) The joint powers board must consist of one  
 9.2 or more commissioners of each county that is in the metropolitan transportation area,  
 9.3 appointed by its county board, and the chair of the Metropolitan Council, ~~who must have~~  
 9.4 ~~voting rights, subject to subdivision 3, clause (4).~~ The joint powers board has the powers  
 9.5 and duties provided in this section and section 471.59.

9.6 (b) The joint powers board may not utilize ~~no more than three-fourths of one percent~~  
 9.7 ~~of the proceeds of the taxes imposed under this section for ordinary administrative~~  
 9.8 ~~expenses incurred in carrying out the provisions of this section. Any additional~~  
 9.9 ~~administrative expenses must be paid by the participating counties.~~

9.10 (c) ~~The joint powers board may establish a technical advisory group that is separate~~  
 9.11 ~~from the GEARS Committee. The group must consist of representatives of cities, counties,~~  
 9.12 ~~or public agencies, including the Metropolitan Council. The technical advisory group~~  
 9.13 ~~must be used solely for technical consultation purposes.~~

9.14 Sec. 5. Minnesota Statutes 2014, section 297A.992, subdivision 6a, is amended to read:

9.15 Subd. 6a. **Priority of fund uses Revenue use.** The joint powers board ~~shall allocate~~  
 9.16 must use all revenues received from the taxes imposed under this section ~~in conformance~~  
 9.17 ~~with the following priority order:~~

9.18 (1) ~~for~~ payment of debt service ~~necessary~~ for the fiscal year on bonds or other  
 9.19 obligations issued prior to January 1, ~~2011~~ 2016, under subdivision 7; ~~and~~

9.20 (2) ~~as otherwise authorized under this section.~~

9.21 Sec. 6. Minnesota Statutes 2014, section 297A.992, subdivision 7, is amended to read:

9.22 Subd. 7. **Bonds.** (a) On or before January 1, 2016, the joint powers board or  
 9.23 any county, acting under a joint powers agreement as specified in this section, may, by  
 9.24 resolution, authorize, issue, and sell its bonds, notes, or other obligations for the purpose  
 9.25 of funding grants ~~under subdivision 6~~. The joint powers board or county may also, by  
 9.26 resolution, issue bonds to refund the bonds issued pursuant to this subdivision.

9.27 (b) The bonds of the joint powers board must be limited obligations, payable solely  
 9.28 from or secured by taxes levied under this section.

9.29 (c) The bonds of any county may be limited obligations, payable solely from or  
 9.30 secured by taxes levied under this section. A county may also pledge its full faith, credit,  
 9.31 and taxing power as additional security for the bonds.

9.32 (d) Bonds may be issued in one or more series and sold without an election. The bonds  
 9.33 shall be secured, bear the interest rate or rates or a variable rate, have the rank or priority,  
 9.34 be executed in the manner, be payable in the manner, mature, and be subject to the defaults,

10.1 redemptions, repurchases, tender options, or other terms, and shall be sold in such manner  
 10.2 as the joint powers board, the regional railroad authority, or the county may determine.

10.3 (e) The joint powers board or any regional railroad authority or any county may  
 10.4 enter into and perform all contracts deemed necessary or desirable by it to issue and secure  
 10.5 the bonds, including an indenture of trust with a trustee within or without the state.

10.6 (f) Except as otherwise provided in this subdivision, the bonds must be issued and  
 10.7 sold in the manner provided under chapter 475.

10.8 ~~(g) The joint powers board or any regional railroad authority wholly within the  
 10.9 metropolitan transportation area also may authorize, issue, and sell its bonds, notes, or  
 10.10 other obligations for the purposes, and in accordance with the procedures, set forth in  
 10.11 section 398A.07 to fund grants as provided in subdivision 6. The bonds of any regional  
 10.12 railroad authority may be limited obligations, payable solely from or secured by taxes  
 10.13 levied under this section. A regional railroad authority may also pledge its taxing powers  
 10.14 as additional security for the bonds.~~

10.15 Sec. 7. Minnesota Statutes 2014, section 297A.992, subdivision 8, is amended to read:

10.16 Subd. 8. **Allocation of revenues.** After the deductions allowed in section 297A.99,  
 10.17 subdivision 11, the commissioner of revenue ~~shall remit~~ must allocate the proceeds of the  
 10.18 taxes imposed under this section on a monthly basis, ~~as directed by~~ in the following order:

10.19 (1) an amount to the joint powers board under this section that the board certifies  
 10.20 is necessary for payment of debt service on bonds or other obligations issued prior to  
 10.21 January 1, 2016;

10.22 (2) an amount to the Metropolitan Council that the council certifies equals  
 10.23 one-twelfth of the total net operating and capital maintenance costs for that budget year  
 10.24 for all transitways in which a grant award for project development, capital, or operating  
 10.25 expenditures had previously been provided under this section; and

10.26 (3) the remainder to the metropolitan area transit stability account in the transit  
 10.27 assistance fund.

10.28 Sec. 8. Minnesota Statutes 2014, section 297A.992, subdivision 10, is amended to read:

10.29 Subd. 10. **Termination of taxes.** (a) The taxes imposed under ~~section 297A.99,~~  
 10.30 ~~subdivision 1,~~ subdivision 2 by a county that withdraws from the joint powers agreement  
 10.31 pursuant to subdivision 3, clause (3), shall terminate when the county has satisfied its  
 10.32 portion, as defined in the joint powers agreement, of all outstanding bonds or obligations  
 10.33 entered into under subdivision 7 while the county was a member of the agreement.

11.1 (b) If the joint powers agreement under subdivision 3 is terminated, the taxes  
11.2 imposed under ~~section 297A.99, subdivision 1,~~ subdivision 2 at the time of the agreement  
11.3 termination will terminate when all outstanding bonds or obligations under subdivision 7  
11.4 are satisfied. The auditors of the counties in which the taxes are imposed shall see to the  
11.5 administration of this paragraph.

11.6 Sec. 9. **REPEALER.**

11.7 Minnesota Statutes 2014, section 297A.992, subdivisions 5, 6, 11, and 12, are  
11.8 repealed.

APPENDIX  
Article locations in 16-7547

ARTICLE 1 METROPOLITAN AREA TRANSIT FINANCE AND POLICY ..... Page.Ln 1.12  
ARTICLE 2 METROPOLITAN AREA TRANSIT SALES TAX ..... Page.Ln 7.19

**297A.992 METROPOLITAN TRANSPORTATION AREA SALES TAX.**

**Subd. 5. Grant application and awards; Grant Evaluation and Ranking System**

**(GEARS) Committee.** (a) The joint powers board shall establish a grant application process and identify the amount of available funding for grant awards. Grant applications must be submitted in a form prescribed by the joint powers board. An applicant must provide, in addition to all other information required by the joint powers board, the estimated cost of the project, the amount of the grant sought, possible sources of funding in addition to the grant sought, and identification of any federal funds that will be utilized if the grant is awarded. A grant application seeking transit capital funding must identify the source of money necessary to operate the transit improvement.

(b) The joint powers board shall establish a timeline and procedures for the award of grants, and may award grants only to the state and political subdivisions. The board shall define objective criteria for the award of grants, which must include, but not be limited to, consistency with the most recent version of the transportation policy plan adopted by the Metropolitan Council under section 473.146. The joint powers board shall maximize the availability and use of federal funds in projects funded under this section.

(c) The joint powers board shall establish a GEARS Committee, which must consist of:

(1) one county commissioner from each county that is in the metropolitan transportation area, appointed by its county board;

(2) one elected city representative from each county that is in the metropolitan transportation area;

(3) one additional elected city representative from each county for every additional 400,000 in population, or fraction of 400,000, in the county that is above 400,000 in population; and

(4) the chair of the Metropolitan Council Transportation Committee.

(d) Each city representative must be elected at a meeting of cities in the metropolitan transportation area, which must be convened for that purpose by the Association of Metropolitan Municipalities.

(e) The committee shall evaluate grant applications following objective criteria established by the joint powers board, and must provide to the joint powers board a selection list of transportation projects that includes a priority ranking.

(f) A grant award for a transit project located within the metropolitan area, as defined in section 473.121, subdivision 2, may be funded only after the Metropolitan Council reviews the project for consistency with the transit portion of the Metropolitan Council policy plan and one of the following occurs:

(1) the Metropolitan Council finds the project to be consistent;

(2) the Metropolitan Council initially finds the project to be inconsistent, but after a good faith effort to resolve the inconsistency through negotiations with the joint powers board, agrees that the grant award may be funded; or

(3) the Metropolitan Council finds the project to be inconsistent, and submits the consistency issue for final determination to a panel, which determines the project to be consistent. The panel is composed of a member appointed by the chair of the Metropolitan Council, a member appointed by the joint powers board, and a member agreed upon by both the chair and the joint powers board.

(g) Grants must be funded by the proceeds of the taxes imposed under this section, bonds, notes, or other obligations issued by the joint powers board under subdivision 7.

(h) Notwithstanding the provisions of this section except subdivision 6a, of the revenue collected under this section, the joint powers board shall allocate to the Metropolitan Council, in fiscal years 2012 and 2013, an amount not less than 75 percent of the net cost of operations for those transitways that were receiving metropolitan sales tax funds through an operating grant agreement on June 30, 2011.

(i) The Metropolitan Council shall expend any funds allocated under paragraph (h) for the operations of the specified transitways solely within those counties that are in the metropolitan transportation area.

(j) Nothing in paragraph (h) or (i) prevents grant awards to the Metropolitan Council for capital and operating assistance for transitways and park-and-ride facilities.

**Subd. 6. Allocation of grant awards.** (a) The board must allocate grant awards only for the following transit purposes:

(i) capital improvements to transitways, including, but not limited to, commuter rail rolling stock, light rail vehicles, and transitway buses;

(ii) capital costs for park-and-ride facilities, as defined in section 174.256, subdivision 2;

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(iii) feasibility studies, planning, alternatives analyses, environmental studies, engineering, property acquisition for transitway purposes, and construction of transitways; and

(iv) operating assistance for transitways.

(b) The joint powers board must annually award grants to each minimum guarantee county in an amount no less than the amount of sales tax revenue collected within that county.

(c) No more than 1.25 percent of the total awards may be annually allocated for planning, studies, design, construction, maintenance, and operation of pedestrian programs and bicycle programs and pathways.

Subd. 11. **Report.** The joint powers board shall report annually by February 1 to the house of representatives and senate committees having jurisdiction over transportation policy and finance concerning the revenues received and grants awarded.

Subd. 12. **Grant awards to Metropolitan Council.** Any grant award under this section made to the Metropolitan Council must supplement, and must not supplant, operating and capital assistance provided by the state.