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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. 1535

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

1.1 A bill for an act
1.2 relating to metropolitan government; transferring transit functions from the
1.3 Metropolitan Council; creating the Minnesota Transit Authority; increasing
1.4 the general sales tax and dedicating the proceeds to the authority; abolishing
1.5 certain local sales tax authority; amending Minnesota Statutes 2008, sections
1.6 10A.01, subdivision 35; 297A.62, subdivision 1; 297A.94; 297A.99, subdivision
1.7 1; 297B.02, subdivision 1; 398A.04, subdivision 1; 398A.07, subdivision 1;
1.8 473.121, by adding a subdivision; 473.375; 473.382; 473.384; 473.385; 473.386;
1.9 473.3875; 473.388; 473.39, subdivisions 1, 1m, 2, 4, 5, as added; 473.392;
1.10 473.3997; 473.405; 473.4051, subdivision 1; 473.407, subdivisions 1, 3, 4, 5;
1.11 473.408; 473.409; 473.411; 473.415, subdivision 1; 473.416; 473.42; 473.436;
1.12 473.446; 473.448; 473.449; proposing coding for new law in Minnesota Statutes,
1.13 chapter 473; repealing Minnesota Statutes 2008, sections 297A.992; 297A.993;
1.14 398A.04, subdivisions 2, 3; 398A.10; 473.384, subdivisions 6, 7; 473.387;
1.15 473.391; 473.399, subdivisions 1, 1a, 4, 5; 473.3994, subdivisions 1a, 2, 3, 4, 5,
1.16 7, 8, 9, 10, 14; 473.4461; Laws 2008, chapter 152, article 6, section 8.

1.17 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:**

1.18 Section 1. Minnesota Statutes 2008, section 10A.01, subdivision 35, is amended to
1.19 read:

1.20 Subd. 35. **Public official.** "Public official" means any:

1.21 (1) member of the legislature;

1.22 (2) individual employed by the legislature as secretary of the senate, legislative
1.23 auditor, chief clerk of the house of representatives, revisor of statutes, or researcher,
1.24 legislative analyst, or attorney in the Office of Senate Counsel and Research or House
1.25 Research;

1.26 (3) constitutional officer in the executive branch and the officer's chief administrative
1.27 deputy;

1.28 (4) solicitor general or deputy, assistant, or special assistant attorney general;

- 2.1 (5) commissioner, deputy commissioner, or assistant commissioner of any state
 2.2 department or agency as listed in section 15.01 or 15.06, or the state chief information
 2.3 officer;
- 2.4 (6) member, chief administrative officer, or deputy chief administrative officer of a
 2.5 state board or commission that has either the power to adopt, amend, or repeal rules under
 2.6 chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;
- 2.7 (7) individual employed in the executive branch who is authorized to adopt, amend,
 2.8 or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;
- 2.9 (8) executive director of the State Board of Investment;
- 2.10 (9) deputy of any official listed in clauses (7) and (8);
- 2.11 (10) judge of the Workers' Compensation Court of Appeals;
- 2.12 (11) administrative law judge or compensation judge in the State Office of
 2.13 Administrative Hearings or unemployment law judge in the Department of Employment
 2.14 and Economic Development;
- 2.15 (12) member, regional administrator, division director, general counsel, or operations
 2.16 manager of the Metropolitan Council;
- 2.17 (13) member or chief administrator of a metropolitan agency;
- 2.18 (14) director of the Division of Alcohol and Gambling Enforcement in the
 2.19 Department of Public Safety;
- 2.20 (15) member or executive director of the Higher Education Facilities Authority;
- 2.21 (16) member of the board of directors or president of Enterprise Minnesota, Inc.;
- 2.22 (17) member of the board of directors or executive director of the Minnesota State
 2.23 High School League;
- 2.24 (18) member of the Minnesota Ballpark Authority established in section 473.755;
- 2.25 (19) citizen member of the Legislative-Citizen Commission on Minnesota Resources;
- 2.26 (20) manager of a watershed district, or member of a watershed management
 2.27 organization as defined under section 103B.205, subdivision 13;
- 2.28 (21) supervisor of a soil and water conservation district;
- 2.29 (22) director of Explore Minnesota Tourism; ~~or~~
- 2.30 (23) citizen member of the Lessard Outdoor Heritage Council established in section
 2.31 97A.056; or
- 2.32 (22) member of the Minnesota Transit Authority established in section 473.372.

2.33 Sec. 2. Minnesota Statutes 2008, section 297A.62, subdivision 1, is amended to read:

2.34 Subdivision 1. **Generally.** Except as otherwise provided in subdivision 3 or in this
 2.35 chapter, a sales tax of ~~6.5~~ 6.75 percent is imposed on the gross receipts from retail sales as

3.1 defined in section 297A.61, subdivision 4, made in this state or to a destination in this
3.2 state by a person who is required to have or voluntarily obtains a permit under section
3.3 297A.83, subdivision 1.

3.4 Sec. 3. Minnesota Statutes 2008, section 297A.94, is amended to read:

3.5 **297A.94 DEPOSIT OF REVENUES.**

3.6 (a) Except as provided in this section, the commissioner shall deposit the revenues,
3.7 including interest and penalties, derived from the taxes imposed by this chapter in the state
3.8 treasury and credit them to the general fund.

3.9 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic
3.10 account in the special revenue fund if:

3.11 (1) the taxes are derived from sales and use of property and services purchased for
3.12 the construction and operation of an agricultural resource project; and

3.13 (2) the purchase was made on or after the date on which a conditional commitment
3.14 was made for a loan guaranty for the project under section 41A.04, subdivision 3.

3.15 The commissioner of finance shall certify to the commissioner the date on which the
3.16 project received the conditional commitment. The amount deposited in the loan guaranty
3.17 account must be reduced by any refunds and by the costs incurred by the Department of
3.18 Revenue to administer and enforce the assessment and collection of the taxes.

3.19 (c) The commissioner shall deposit the revenues, including interest and penalties,
3.20 derived from the taxes imposed on sales and purchases included in section 297A.61,
3.21 subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them
3.22 as follows:

3.23 (1) first to the general obligation special tax bond debt service account in each fiscal
3.24 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

3.25 (2) after the requirements of clause (1) have been met, the balance to the general
3.26 fund.

3.27 (d) The commissioner shall deposit the revenues, including interest and penalties,
3.28 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the
3.29 general fund. By July 15 of each year the commissioner shall transfer to the highway user
3.30 tax distribution fund an amount equal to the excess fees collected under section 297A.64,
3.31 subdivision 5, for the previous calendar year.

3.32 (e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and
3.33 for fiscal year 2004 and thereafter, 72.43 percent of the revenues, including interest and
3.34 penalties, transmitted to the commissioner under section 297A.65, must be deposited by
3.35 the commissioner in the state treasury as follows:

4.1 (1) 50 percent of the receipts must be deposited in the heritage enhancement account
4.2 in the game and fish fund, and may be spent only on activities that improve, enhance, or
4.3 protect fish and wildlife resources, including conservation, restoration, and enhancement
4.4 of land, water, and other natural resources of the state;

4.5 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and
4.6 may be spent only for state parks and trails;

4.7 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and
4.8 may be spent only on metropolitan park and trail grants;

4.9 (4) three percent of the receipts must be deposited in the natural resources fund, and
4.10 may be spent only on local trail grants; and

4.11 (5) two percent of the receipts must be deposited in the natural resources fund,
4.12 and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and
4.13 Conservatory, and the Duluth Zoo.

4.14 (f) The revenue dedicated under paragraph (e) may not be used as a substitute
4.15 for traditional sources of funding for the purposes specified, but the dedicated revenue
4.16 shall supplement traditional sources of funding for those purposes. Land acquired with
4.17 money deposited in the game and fish fund under paragraph (e) must be open to public
4.18 hunting and fishing during the open season, except that in aquatic management areas or
4.19 on lands where angling easements have been acquired, fishing may be prohibited during
4.20 certain times of the year and hunting may be prohibited. At least 87 percent of the money
4.21 deposited in the game and fish fund for improvement, enhancement, or protection of fish
4.22 and wildlife resources under paragraph (e) must be allocated for field operations.

4.23 (g) The commissioner shall deposit 3.7 percent of the revenues, including interest
4.24 and penalties, derived from taxes imposed under sections 297A.62 and 297A.63 in the
4.25 state treasury to be credited to the Minnesota Transit Authority account.

4.26 Sec. 4. Minnesota Statutes 2008, section 297A.99, subdivision 1, is amended to read:

4.27 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may
4.28 impose a general sales tax ~~(1) under section 297A.992, (2) under section 297A.993, (3) if~~
4.29 ~~permitted by special law enacted prior to May 20, 2008, or (4) if the political subdivision~~
4.30 ~~enacted and imposed the tax before January 1, 1982, and its predecessor provision.~~

4.31 (b) This section governs the imposition of a general sales tax by the political
4.32 subdivision. The provisions of this section preempt the provisions of any special law:

4.33 (1) enacted before June 2, 1997, or

4.34 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law
4.35 provision from this section's rules by reference.

5.1 (c) This section does not apply to or preempt a sales tax on motor vehicles or a
5.2 special excise tax on motor vehicles.

5.3 (d) Until after May 31, 2010, a political subdivision may not advertise, promote,
5.4 expend funds, or hold a referendum to support imposing a local option sales tax unless
5.5 it is for extension of an existing tax or the tax was authorized by a special law enacted
5.6 prior to May 20, 2008.

5.7 Sec. 5. Minnesota Statutes 2008, section 297B.02, subdivision 1, is amended to read:

5.8 Subdivision 1. **Rate.** There is imposed an excise tax ~~at the rate provided in chapter~~
5.9 ~~297A~~ of 6.5 percent on the purchase price of any motor vehicle purchased or acquired,
5.10 either in or outside of the state of Minnesota, which is required to be registered under
5.11 the laws of this state.

5.12 The excise tax is also imposed on the purchase price of motor vehicles purchased
5.13 or acquired on Indian reservations when the tribal council has entered into a sales tax on
5.14 motor vehicles refund agreement with the state of Minnesota.

5.15 Sec. 6. Minnesota Statutes 2008, section 398A.04, subdivision 1, is amended to read:

5.16 Subdivision 1. **General.** An authority may exercise all the powers necessary or
5.17 desirable to implement the powers specifically granted in this section, and in exercising
5.18 the powers is deemed to be performing an essential governmental function and exercising
5.19 a part of the sovereign power of the state, and is a local government unit and political
5.20 subdivision of the state. Without limiting the generality of the foregoing, the authority
5.21 may:

5.22 (a) sue and be sued, have a seal, which may but need not be affixed to documents as
5.23 directed by the board, make and perform contracts, and have perpetual succession;

5.24 (b) acquire real and personal property within or outside its taxing jurisdiction, by
5.25 purchase, gift, devise, condemnation, conditional sale, lease, lease purchase, or otherwise;
5.26 ~~or for purposes, including the facilitation of an economic development project pursuant to~~
5.27 ~~section 383B.81 or 469.091 or 469.175, subdivision 7, that also improve rail service; and~~

5.28 (c) hold, manage, control, sell, convey, lease, mortgage, or otherwise dispose of real
5.29 or personal property; ~~and~~

5.30 ~~(d) make grants or otherwise appropriate funds to the Department of Transportation,~~
5.31 ~~the Metropolitan Council, or any other state or local governmental unit for the purposes~~
5.32 ~~described in subdivision 2 with respect to railroad facilities located or to be located within~~
5.33 ~~the authority's jurisdiction, whether or not the facilities will be acquired, constructed,~~
5.34 ~~owned, or operated by the authority.~~

6.1 Sec. 7. Minnesota Statutes 2008, section 398A.07, subdivision 1, is amended to read:

6.2 Subdivision 1. **Authorization.** An authority may from time to time issue bonds,
 6.3 or other obligations however designated, in principal amounts as it shall deem necessary
 6.4 to fulfill its purpose and to exercise any of its powers, to provide funds for ~~operating~~
 6.5 ~~expenses in anticipation of revenues of the current year, or for~~ capital expenditures in
 6.6 anticipation of the issuance of long term bonds or the receipt of a grant or loan of state or
 6.7 federal funds, to refund the principal of or interest or redemption premiums on outstanding
 6.8 bonds whether or not the amounts refunded have become due and payable, to establish
 6.9 or increase reserves to secure the payment of bonds or interest on them, and to pay costs
 6.10 and expenses of the issuance of the bonds.

6.11 Sec. 8. Minnesota Statutes 2008, section 473.121, is amended by adding a subdivision
 6.12 to read:

6.13 Subd. 16a. **Minnesota Transit Authority.** "Minnesota Transit Authority" or
 6.14 "authority" means the Minnesota Transit Authority established by section 473.372.

6.15 Sec. 9. **[473.372] MINNESOTA TRANSIT AUTHORITY; CREATION.**

6.16 Subdivision 1. **Creation.** Metro Transit, an operating division of the Metropolitan
 6.17 Council, is established as an independent authority named the Minnesota Transit Authority
 6.18 with statewide jurisdiction. The Minnesota Transit Authority is established as a public
 6.19 corporation and political subdivision of the state. The authority shall be composed of
 6.20 members, selected as follows:

6.21 (1) the mayor of Minneapolis or a member of the Minneapolis City Council, chosen
 6.22 by the Minneapolis City Council;

6.23 (2) the mayor of St. Paul or a member of the St. Paul City Council, chosen by
 6.24 the St. Paul City Council;

6.25 (3) one Hennepin county commissioner chosen by the Hennepin County Board;

6.26 (4) one Ramsey county commissioner chosen by the Ramsey County Board;

6.27 (5) county commissioners from Anoka, Carver, Dakota, Scott, and Washington
 6.28 counties; and

6.29 (6) two residents of greater Minnesota, one each from north and south of the
 6.30 metropolitan area, appointed by the governor. For purposes of this paragraph, the counties
 6.31 of McLeod, Renville, and Yellow Medicine shall be the northernmost counties considered
 6.32 to be south of the metropolitan area.

6.33 Subd. 2. **Terms.** All members shall serve for three-year terms, except that the
 6.34 first members appointed under subdivision 1, clauses (1) and (4), and the first member

7.1 appointed from north of the metropolitan area under subdivision 1, clause (6), shall serve
 7.2 for one-year terms. The first members appointed under subdivision 1, clause (5), shall
 7.3 serve two-year terms.

7.4 Subd. 3. **Voting.** All members shall have one vote, except members appointed
 7.5 under subdivision 1, clause (5), shall have one-half of a vote.

7.6 Subd. 4. **Chair.** The chair shall be elected from among the members, preside at all
 7.7 meetings of the authority, if present, and perform all other assigned duties and functions.
 7.8 The authority may appoint from among its members a vice-chair to act for the chair during
 7.9 the temporary absence or disability of the chair.

7.10 Subd. 5. **Bylaws.** The authority shall adopt bylaws to establish rules of procedure,
 7.11 the powers and duties of its officers, and other matters relating to the governance of the
 7.12 authority and the exercise of its powers.

7.13 Subd. 6. **Executive director.** The authority shall appoint an executive director to
 7.14 serve as the chief executive officer of the authority.

7.15 Subd. 7. **Compensation.** Compensation of members is governed by section
 7.16 15.0575.

7.17 Sec. 10. **[473.374] TRANSFER OF POWER.**

7.18 Subdivision 1. **Metropolitan Council.** All powers, duties, and functions now vested
 7.19 in the Metropolitan Council relating to the planning, operation, and contracting of transit
 7.20 service in the metropolitan area are transferred to the Minnesota Transit Authority. This
 7.21 includes all administrative functions necessary to the operation of transit services.

7.22 Subd. 2. **Department of Transportation.** All powers, duties, and functions
 7.23 now vested in the Department of Transportation's Office of Transit, including Federal
 7.24 Transportation Administration grantee status, are transferred to the Minnesota Transit
 7.25 Authority. All powers, duties, and functions related to passenger rail service now vested in
 7.26 the Department of Transportation are transferred to the Minnesota Transit Authority.

7.27 Subd. 3. **Regional rail authorities.** All powers, duties, and functions related to
 7.28 planning, funding, constructing, and operating rail transit now vested in regional rail
 7.29 authorities are transferred to the Minnesota Transit Authority.

7.30 Subd. 4. **Metropolitan Transit Development Board.** All powers, duties, and
 7.31 functions of the Metropolitan Transit Development Board are transferred to the Minnesota
 7.32 Transit Authority.

7.33 Sec. 11. Minnesota Statutes 2008, section 473.375, is amended to read:

7.34 **473.375 POWERS OF ~~COUNCIL~~ AUTHORITY.**

8.1 Subd. 9. **Advisory committees.** The ~~council~~ authority may establish one or more
 8.2 advisory committees composed of and representing transit providers, transit users, and
 8.3 local units of government to advise it in carrying out its purposes. The members of
 8.4 advisory committees serve without compensation.

8.5 Subd. 11. **Ridesharing.** The ~~council~~ authority shall administer a ridesharing
 8.6 program in the metropolitan area, ~~except for including~~ the statewide vanpool leasing
 8.7 program ~~conducted by the commissioner of transportation~~ and shall cooperate with the
 8.8 commissioner of transportation in the conduct of ridesharing activities in areas where the
 8.9 commissioner's programs and the ~~council's~~ authority's program overlap. The ~~council~~
 8.10 authority shall establish a rideshare advisory committee to advise it in carrying out the
 8.11 program. The ~~council~~ authority may contract for services in operating the program.

8.12 Subd. 12. **Assistance.** The ~~council~~ authority shall offer, use, and apply its services
 8.13 to assist and advise transit providers in the metropolitan transit area in the planning,
 8.14 promotion, development, operation, and evaluation of programs and projects which are
 8.15 undertaken or proposed to be undertaken by contract with the ~~council~~ authority, and shall
 8.16 seek out and select recipients of this assistance and advice.

8.17 Subd. 13. **Financial assistance.** The ~~council~~ authority may provide financial
 8.18 assistance to public transit providers as provided in sections 473.371 to 473.449. The
 8.19 ~~council~~ authority may not use the proceeds of bonds issued under section 473.39 to
 8.20 provide capital assistance to private, for-profit operators of public transit, unless the
 8.21 operators provide service under a contract with the ~~council~~ authority, the former regional
 8.22 transit board, or recipients of financial assistance under sections 473.371 to 473.449.

8.23 No political subdivision within the metropolitan area may apply for federal transit
 8.24 assistance unless its application has been submitted to and approved by the ~~council~~
 8.25 authority.

8.26 ~~Subd. 14. **Coordination.** The council shall coordinate transit operations within the~~
 8.27 ~~metropolitan area and shall establish a transit information program to provide transit users~~
 8.28 ~~with accurate information on transit schedules and service.~~

8.29 Subd. 15. **Performance standards.** The ~~council may~~ authority shall establish
 8.30 performance standards for recipients of financial assistance.

8.31 Sec. 12. **[473.376] ADDITIONAL DUTIES OF MINNESOTA TRANSIT**
 8.32 **AUTHORITY.**

8.33 Subdivision 1. **Bus purchases.** The authority shall develop specifications for,
 8.34 and purchase, all transit buses, all bus parts and repair materials, and all fuel and bus
 8.35 consumables for the state.

9.1 Subd. 2. **Rail construction and operation.** The authority shall construct and
9.2 operate all state and locally funded rail service in the state, and will be the designated
9.3 agency to contract with Amtrak for additional passenger rail service.

9.4 Subd. 3. **Transit control.** The authority's transit control center shall manage
9.5 all metropolitan area transit buses, regardless of provider, when they are in operation,
9.6 including all on-street supervision of transit operators. Within Metro Transit's operating
9.7 area, the authority shall determine and allocate the use of bus stops, bus lanes, and bus
9.8 terminals by all transit operators.

9.9 Subd. 4. **Transit information.** The authority shall be responsible for all transit
9.10 information to the public, and all customer complaint handling.

9.11 Subd. 5. **Insurance.** The authority shall provide the option of liability self-insurance
9.12 for all state public transit operators.

9.13 Subd. 6. **Subsidies.** The authority shall develop subsidy per passenger standards
9.14 and ceilings which shall ensure financial equity in publicly funded transit service and
9.15 which shall be binding on all public transit operators in the state.

9.16 Subd. 7. **Coordination.** The authority and all other state transit providers shall
9.17 explore opportunities for coordination and joint operations that reduce operating costs or
9.18 improve the quality of service to the public.

9.19 Subd. 8. **Efficiencies.** The authority will review all existing paratransit, demand
9.20 responsive, and special transportation services with the goal of reducing duplication
9.21 with the fixed route system. Where it is possible without creating undue hardship
9.22 and inconvenience, paratransit, demand responsive, and special transportation service
9.23 passengers will be transferred to fixed route service at the first available transit center or
9.24 station for the completion of their trips, with the goal of reducing operating costs.

9.25 Subd. 9. **Public-private partnerships.** The authority may establish partnerships
9.26 with private van services and other entities providing services to their employees, clients,
9.27 or students to leverage private investment to create a more comprehensive transit system.

9.28 Subd. 10. **Interstate coordination.** The authority will coordinate with neighboring
9.29 states to address mutual public transportation issues, and will work to create interstate
9.30 agreements for the provision of needed public transportation.

9.31 Subd. 11. **Public transportation connecting Minnesota cities.** The authority will
9.32 inventory existing public transportation connecting Minnesota cities and will create a plan
9.33 that identifies and prioritizes opportunities for improvement.

9.34 Sec. 13. Minnesota Statutes 2008, section 473.382, is amended to read:

9.35 **473.382 LOCAL PLANNING AND DEVELOPMENT PROGRAM.**

10.1 The ~~council~~ authority shall establish a program to ensure participation by
 10.2 representatives of local government units and the coordination of the planning and
 10.3 development of transit by local government units. The ~~council~~ authority shall encourage
 10.4 the establishment of local transit planning and development boards by local governments
 10.5 for the purpose of:

- 10.6 (a) identifying service needs and objectives;
- 10.7 (b) preparing, or advising and assisting local units of government in preparing the
 10.8 transit study and service plan required by section 473.384;
- 10.9 (c) preparing or advising the ~~council~~ authority in the review of applications for
 10.10 assistance ~~under section 473.384~~.

10.11 The ~~council~~ authority may provide local boards with whatever assistance it deems
 10.12 necessary and appropriate.

10.13 Sec. 14. Minnesota Statutes 2008, section 473.384, is amended to read:

10.14 **473.384 CONTRACTS.**

10.15 Subdivision 1. **Contracts required.** The ~~council~~ authority shall make contracts with
 10.16 eligible recipients for financial assistance to transit service ~~within the metropolitan area~~.
 10.17 The ~~council~~ authority may not give financial assistance to another transit provider without
 10.18 first having executed a contract. The provisions of this section do not apply to contracts
 10.19 made under sections 473.386 and 473.388.

10.20 Subd. 2. **Eligibility.** To be eligible to receive financial assistance by contract under
 10.21 this section a recipient must be:

- 10.22 (a) a county, statutory or home rule charter city or town or combination thereof, or
 10.23 public authority organized and existing pursuant to chapter 398A, providing financial
 10.24 assistance to or providing or operating public transit; or
- 10.25 (b) a private provider of public transit.

10.26 Subd. 3. **Applications.** The ~~council~~ authority shall establish procedures and
 10.27 standards for review and approval of applications for financial assistance under this
 10.28 section. An applicant must provide the ~~council~~ authority with the financial and other
 10.29 information the ~~council~~ authority requires to carry out its duties. The ~~council~~ authority
 10.30 may specify procedures, including public hearing requirements, to be followed by
 10.31 applicants that are cities, towns, or counties or combinations thereof in conducting transit
 10.32 studies and formulating service plans under subdivisions 4 and 5.

10.33 Subd. 4. **Transit study.** The ~~council~~ authority shall require that prior to applying
 10.34 for financial assistance by contract under clause (a) of subdivision 2, the applicant must
 10.35 prepare and submit a transit study which includes the following elements:

11.1 (a) a determination of existing and future transit needs within the area to be served,
11.2 and an assessment of the adequacy of existing service to meet the needs;

11.3 (b) an assessment of the level and type of service required to meet unmet needs;

11.4 (c) an assessment of existing and future resources available for the financing of
11.5 transit service; and

11.6 (d) the type or types of any new government arrangements or agreements needed to
11.7 provide adequate service.

11.8 The transit study for any applicant may be done by the ~~council~~ authority.

11.9 Subd. 5. **Service plan.** The ~~council~~ authority shall, before making a contract with
11.10 an eligible recipient, require the submission of a service plan which includes the following
11.11 elements:

11.12 (a) a description of the service proposed for financial assistance, including vehicles,
11.13 routes, and schedules;

11.14 (b) an assessment of the extent to which the proposed service meets the needs as
11.15 determined by the transit study;

11.16 (c) a description of the contract administration and review process if the operation of
11.17 the proposed service is to be done by a private contractor;

11.18 (d) a description of the amount required to establish and operate the proposed service
11.19 and the proposed sources of the required amount including operating revenue, other local
11.20 sources, and assistance from the ~~council~~ authority and from federal sources;

11.21 (e) the fare structure of the proposed service; and

11.22 (f) projections of usage of the system.

11.23 The ~~council~~ authority may specify procedures, including public hearing
11.24 requirements, to be followed by applicants that are cities, towns, or counties or
11.25 combinations thereof in conducting transit studies and formulating service plans.

11.26 ~~Subd. 6. **Financial assistance for certain providers.** The council shall provide~~
11.27 ~~financial assistance to recipients who were receiving assistance by contract with~~
11.28 ~~the commissioner of transportation under Minnesota Statutes 1982, section 174.24,~~
11.29 ~~subdivision 3 on July 1, 1984, so that the percentage of total operating cost, as defined by~~
11.30 ~~the council, paid by the recipient from all local sources of revenue, including operating~~
11.31 ~~revenue, does not exceed the percentage for the recipient's classification as determined~~
11.32 ~~by the commissioner of transportation under the commissioner's final contract with the~~
11.33 ~~recipient. The council may include funds received under section 473.446, subdivision~~
11.34 ~~1a, as a local source of revenue. The remainder of the total operating cost will be paid~~
11.35 ~~by the council less all assistance received by the recipient for that purpose from any~~
11.36 ~~federal source.~~

12.1 ~~If a recipient informs the council in writing prior to the distribution of financial~~
 12.2 ~~assistance for any year that paying its designated percentage of total operating cost from~~
 12.3 ~~local sources will cause undue hardship, the council may adjust the percentage as it deems~~
 12.4 ~~equitable. If for any year the funds available to the council are insufficient to allow the~~
 12.5 ~~council to pay its share of total operating cost for those recipients, the council shall reduce~~
 12.6 ~~its share in each classification to the extent necessary.~~

12.7 ~~Subd. 7. **Transit operations impact assessment.** Prior to entering into a contract~~
 12.8 ~~for operating assistance with a recipient, the council shall evaluate the effect, if any, of the~~
 12.9 ~~contract on the ridership, routes, schedules, fares, and staffing levels of the existing and~~
 12.10 ~~proposed service provided by the council. The council may enter into the contract only if~~
 12.11 ~~it determines that the service to be assisted under the contract will not impose an undue~~
 12.12 ~~hardship on the ridership or financial condition of the council's transit operations. The~~
 12.13 ~~requirements of this subdivision do not apply to contracts for assistance to recipients who,~~
 12.14 ~~as part of a negotiated cost-sharing arrangement with the council, pay a substantial part of~~
 12.15 ~~the cost of services that directly benefit the recipient as an institution or organization.~~

12.16 Subd. 8. **Paratransit contracts.** In executing and administering contracts for
 12.17 paratransit projects, the council authority has the powers and duties given to the
 12.18 commissioner of transportation in section 174.255, subdivisions 1 and 2, relating to
 12.19 disability accessibility and insurance coverage. The provisions of section 174.255,
 12.20 subdivision 3, apply to paratransit projects which receive assistance by contract with
 12.21 the council authority.

12.22 Sec. 15. Minnesota Statutes 2008, section 473.385, is amended to read:

12.23 **473.385 TRANSIT SERVICE AREAS.**

12.24 Subdivision 1. **Definitions.** (a) "Fully developed service area" means the fully
 12.25 developed area, as defined in the Metropolitan Council's development guide, ~~plus the~~
 12.26 ~~cities of Mendota Heights, Maplewood, North St. Paul, and Little Canada.~~

12.27 (b) "Regular route transit" has the meaning given it in section 174.22, subdivision 8,
 12.28 except that, for purposes of this section, the term does not include services on fixed routes
 12.29 and schedules that are primarily intended to provide circulator service within a community
 12.30 or adjacent communities rather than feeder service to the system of metropolitan regular
 12.31 route transit operated by the council authority.

12.32 Subd. 2. **Service areas.** The council authority may provide financial assistance
 12.33 (whether directly or through another entity) to private, for-profit operators of public transit
 12.34 only for the following services:

12.35 (1) services that are not regular route services;

13.1 (2) ~~regular route services provided on June 2, 1989, by a private, for-profit operator~~
 13.2 ~~under contract with the former regional transit board or under a certificate of convenience~~
 13.3 ~~and necessity issued by the commissioner of transportation;~~

13.4 (3) ~~regular route services outside of the fully developed service area that are not~~
 13.5 ~~operated on June 2, 1989, by the former Metropolitan Transit Commission;~~

13.6 (4) ~~regular route services provided under section 473.388;~~

13.7 (5) regular route services to recipients who, as part of a negotiated cost-sharing
 13.8 arrangement with the council authority, pay at least 50 percent of the cost of the service
 13.9 that directly benefits the recipient as an institution or organization; or

13.10 (6) (3) regular route services that will not be operated for a reasonable subsidy
 13.11 by the council authority.

13.12 Sec. 16. Minnesota Statutes 2008, section 473.386, is amended to read:

13.13 **473.386 SPECIAL TRANSPORTATION SERVICE.**

13.14 Subdivision 1. **Service objectives.** The council authority shall implement a special
 13.15 transportation service, as defined in section 174.29, ~~in the metropolitan area~~. The service
 13.16 has the following objectives:

13.17 (a) to provide greater access to transportation for the elderly, people with disabilities,
 13.18 and others with special transportation needs in the metropolitan area;

13.19 (b) to develop an integrated system of special transportation service providing
 13.20 transportation tailored to meet special individual needs in the most cost-efficient manner;
 13.21 and

13.22 (c) to use existing public, private, and private nonprofit providers of service when
 13.23 feasible and cost-efficient, to supplement rather than replace existing service, and to
 13.24 increase the productivity of all special transportation vehicles available in the area.

13.25 Subd. 2. **Service contracts; management; transportation accessibility advisory**
 13.26 **committee.** (a) The council authority may contract for services necessary for the provision
 13.27 of special transportation. Transportation service provided under a contract must specify
 13.28 the service to be provided, the standards that must be met, and the rates for operating and
 13.29 providing special transportation services.

13.30 (b) The council authority shall establish management policies for the service and
 13.31 may contract with a service administrator for day-to-day administration and management
 13.32 of the service. Any contract must delegate to the service administrator clear authority
 13.33 to administer and manage the delivery of the service pursuant to council authority
 13.34 management policies and must establish performance and compliance standards for the

14.1 service administrator. The ~~council~~ authority may provide directly day to day administration
14.2 and management of the service and may own or lease vehicles used to provide the service.

14.3 (c) The ~~council~~ authority shall ensure that the service administrator establishes a
14.4 system for registering and expeditiously responding to complaints by users, informing
14.5 users of how to register complaints, and requiring providers to report on incidents that
14.6 impair the safety and well-being of users or the quality of the service.

14.7 (d) The ~~council~~ authority shall report on its special transportation services as part of
14.8 the program evaluation provided for in section 473.13, subdivision 1a.

14.9 (e) The ~~council~~ authority shall provide, on an annual basis, an opportunity for users
14.10 and other interested persons to provide testimony to the council concerning services
14.11 provided under this section.

14.12 (f) The ~~council~~ authority shall establish a Transportation Accessibility Advisory
14.13 Committee consisting of 15 members and a chair to advise the ~~council~~ authority on
14.14 management policies for the ~~council's~~ authority's special transportation service. The
14.15 Transportation Accessibility Advisory Committee must include elderly and disabled
14.16 persons, other users of special transportation service, and representatives of appropriate
14.17 agencies for elderly and disabled persons. At least half the Transportation Accessibility
14.18 Advisory Committee members must be persons who are both ADA-certified and users
14.19 of public transit in the metropolitan area. Two of the appointments to the Transportation
14.20 Accessibility Advisory Committee shall be made by the Council on Disability in
14.21 consultation with the chair of the ~~Metropolitan Council~~ Minnesota Transit Authority.

14.22 Subd. 2a. **Eligibility application and verification; penalty for fraudulent**
14.23 **certification.** (a) If the ~~council~~ authority requires a person to be certified as eligible for
14.24 special transportation services, an applicant for certification must submit an application
14.25 form and the applicant's eligibility must be verified by a type of professional specified by
14.26 the ~~council~~ authority. The ~~council~~ authority shall:

14.27 (1) require the applicant to sign the application form and certify that the application
14.28 information is accurate; and

14.29 (2) require the person verifying the applicant's eligibility to sign the eligibility
14.30 verification form and certify that the verifying information is accurate.

14.31 (b) The penalty provided for in section 174.295, subdivision 4, applies to the
14.32 certifications by the applicant and the person verifying the applicant's eligibility. The
14.33 ~~council~~ authority must include a notice of the penalty for fraudulent certification in the
14.34 application form and the eligibility verification form.

14.35 Subd. 3. **Duties of ~~council~~ authority.** In implementing the special transportation
14.36 service, the ~~council~~ authority shall:

15.1 (a) encourage participation in the service by public, private, and private nonprofit
 15.2 providers of special transportation currently receiving capital or operating assistance
 15.3 from a public agency;

15.4 (b) when feasible and cost-efficient, contract with public, private, and private
 15.5 nonprofit providers that have demonstrated their ability to effectively provide service at
 15.6 a reasonable cost;

15.7 (c) encourage individuals using special transportation to use the type of service
 15.8 most appropriate to their particular needs;

15.9 (d) encourage shared rides to the greatest extent practicable;

15.10 (e) encourage public agencies that provide transportation to eligible individuals as a
 15.11 component of human services and educational programs to coordinate with this service
 15.12 and to allow reimbursement for transportation provided through the service at rates that
 15.13 reflect the public cost of providing that transportation;

15.14 (f) establish criteria to be used in determining individual eligibility for special
 15.15 transportation services;

15.16 (g) consult with the Transportation Accessibility Advisory Committee in a timely
 15.17 manner before changes are made in the provision of special transportation services;

15.18 (h) provide for effective administration and enforcement of ~~council~~ authority
 15.19 policies and standards; and

15.20 (i) ensure that, taken as a whole including contracts with public, private, and private
 15.21 nonprofit providers, the geographic coverage area of the special transportation service
 15.22 ~~is continuous within the boundaries of the transit taxing district, as defined as of March~~
 15.23 ~~1, 2006, in section 473.446, subdivision 2 shall extend beyond the area served by fixed~~
 15.24 ~~route public transit. Service connecting the metropolitan areas shall be provided by fixed~~
 15.25 ~~route public transit.~~

15.26 ~~Subd. 4. Coordination required. The council may not grant any financial~~
 15.27 ~~assistance to any recipient that proposes to use any part of the grant to provide special~~
 15.28 ~~transportation service in the metropolitan area unless the program is coordinated with the~~
 15.29 ~~council's special transportation service in the manner determined by the council. The~~
 15.30 ~~council is not required to provide funding for transportation services from a residence to~~
 15.31 ~~a service site and home again when the services are used by individuals in conjunction~~
 15.32 ~~with their participation in human service developmental achievement center programs~~
 15.33 ~~in which transportation to and from the program is a required and funded component~~
 15.34 ~~of those programs.~~

15.35 ~~Subd. 5. Equitable allocation and annual reallocation. The council shall~~
 15.36 ~~distribute all available funding under this section in a manner designed to achieve an~~

16.1 ~~equitable allocation of special transportation services based on the proportion of the~~
 16.2 ~~number of elderly, disabled, or economically disadvantaged individuals with special~~
 16.3 ~~transportation needs who actually use the special transportation service.~~

16.4 Subd. 6. **Operating and service standards.** A person operating or assisting the
 16.5 operation of a vehicle may leave the vehicle to enter premises in order to help a passenger
 16.6 who does not require emergency ambulance service. Operators and assistants shall provide
 16.7 the help necessary for door-through-door service, including help in entering and leaving
 16.8 the vehicle and help through the exterior entrance and over any exterior steps at either
 16.9 departure or destination buildings, provided that both the steps and the wheelchair are in
 16.10 good repair. If an operator or assistant refuses help because of the condition of the steps or
 16.11 the wheelchair, the operator of the service shall send letters to the service administrator
 16.12 designated by the ~~council~~ authority, who shall notify the person denied service describing
 16.13 the corrective measures necessary to qualify for service.

16.14 Subd. 8. **Vehicle title transfer; conditions.** The ~~Metropolitan Council~~ Minnesota
 16.15 Transit Authority may transfer to a special transportation service provider or a provider of
 16.16 taxi services the title to a vehicle formerly used to provide special transportation service
 16.17 under this section. If the ~~council~~ authority transfers title to a provider of taxi services, it
 16.18 may do so only to a provider of taxi services that is licensed by a city whose taxi licensing
 16.19 ordinance requires (1) criminal background checks and annual driving record checks for
 16.20 drivers, and (2) inspection of vehicles at least annually.

16.21 Sec. 17. Minnesota Statutes 2008, section 473.3875, is amended to read:

16.22 **473.3875 TRANSIT FOR LIVABLE COMMUNITIES DEMONSTRATION**
 16.23 **FUND.**

16.24 Subdivision 1. Fund established. The council shall establish a ~~transit for~~ livable
 16.25 communities demonstration program fund. The council shall adopt guidelines for selecting
 16.26 and evaluating demonstration projects for funding. The selection guidelines must include
 16.27 provisions evaluating projects:

- 16.28 (1) interrelating development or redevelopment and transit;
 16.29 (2) interrelating affordable housing and employment growth areas;
 16.30 (3) helping intensify land use that leads to more compact development or
 16.31 redevelopment;
 16.32 (4) coordinating school transportation and public transit service;
 16.33 (5) implementing recommendations of the transit redesign plan; or
 16.34 (6) otherwise promoting the goals of the Metropolitan Livable Communities Act.

17.1 Subd. 2. **Grants.** Grants from the demonstration program fund are only available for
 17.2 projects located within one-quarter mile of an existing fixed-route public transit service.

17.3 Sec. 18. Minnesota Statutes 2008, section 473.388, is amended to read:

17.4 **473.388 REPLACEMENT SERVICE PROGRAM.**

17.5 Subdivision 1. **Program established.** A replacement service program is established
 17.6 to continue the metropolitan transit service demonstration program established in
 17.7 Minnesota Statutes 1982, section 174.265, as provided in this section.

17.8 Subd. 2. **Replacement service; eligibility.** The ~~council~~ authority may provide
 17.9 assistance under the program to a statutory or home rule charter city or town or
 17.10 combination thereof; ~~that:~~

17.11 ~~(a) is located in the metropolitan transit taxing district;~~

17.12 ~~(b) is not served by the council bus service or is served only with council bus routes~~
 17.13 ~~which begin or end within the applying city or town or combination thereof; and~~

17.14 ~~(c) has fewer than four scheduled runs of council bus service during off-peak hours~~
 17.15 ~~defined in section 473.408, subdivision 1.~~

17.16 ~~Eligible cities or towns or combinations thereof may apply on behalf of a transit~~
 17.17 ~~operator with whom they propose to contract for service.~~

17.18 ~~The council may not provide assistance under this section to a statutory or home rule~~
 17.19 ~~charter city or town unless the city or town,~~

17.20 ~~(i) was receiving assistance under Minnesota Statutes 1982, section 174.265 by~~
 17.21 ~~July 1, 1984;~~

17.22 ~~(ii) had submitted an application for assistance under that section by July 1, 1984, or~~

17.23 ~~(iii) had submitted a letter of intent to apply for assistance under that section by July~~
 17.24 ~~1, 1984, and submits an application for assistance under this section by July 1, 1988. A~~

17.25 ~~statutory or home rule charter city or town has an additional 12-month extension if it~~

17.26 ~~notified the former regional transit board before July 1, 1988, that the city or town is in the~~
 17.27 ~~process of completing a transportation evaluation study that includes an assessment of~~
 17.28 ~~the local transit needs of the city or town.~~

17.29 **Subd. 3. Application for assistance.** ~~An application for assistance under this~~
 17.30 ~~section must:~~

17.31 ~~(a) describe the existing service provided to the applicant by the council, including~~
 17.32 ~~the estimated number of passengers carried and the routes, schedules, and fares;~~

17.33 ~~(b) describe the transit service proposed for funding under the demonstration~~
 17.34 ~~program, including the anticipated number of passengers and the routes, schedules, and~~
 17.35 ~~fares; and~~

18.1 ~~(c) indicate the total amount of available local transit funds, the portion of the~~
 18.2 ~~available local transit funds proposed to be used to subsidize replacement services, and the~~
 18.3 ~~amount of assistance requested for the replacement services.~~

18.4 Subd. 4. **Financial assistance.** ~~(a)~~ The ~~council~~ authority must grant the requested
 18.5 financial assistance if it determines that the proposed service is intended to replace the
 18.6 service to the applying city or town or combination thereof by the ~~council~~ authority and
 18.7 that the proposed service will meet the needs of the applicant at least as efficiently and
 18.8 effectively as the existing service.

18.9 ~~(b) The amount of assistance which the council must provide to a system under this~~
 18.10 ~~section may not be less than the sum of the amounts determined for each municipality~~
 18.11 ~~comprising the system as follows:~~

18.12 ~~(1) the transit operating assistance grants received under this subdivision by the~~
 18.13 ~~municipality in calendar year 2001 or the tax revenues for transit services levied by the~~
 18.14 ~~municipality for taxes payable in 2001, including that portion of the levy derived from~~
 18.15 ~~the areawide pool under section 473F.08, subdivision 3, clause (a), plus the portion of the~~
 18.16 ~~municipality's aid under section 273.1398, subdivision 2, attributable to the transit levy;~~
 18.17 ~~times~~

18.18 ~~(2) the ratio of (i) an amount equal to 3.74 percent of the state revenues generated~~
 18.19 ~~from the taxes imposed under chapter 297B for the current fiscal year to (ii) the total~~
 18.20 ~~transit operating assistance grants received under this subdivision in calendar year 2001 or~~
 18.21 ~~the tax revenues for transit services levied by all replacement service municipalities under~~
 18.22 ~~this section for taxes payable in 2001, including that portion of the levy derived from~~
 18.23 ~~the areawide pool under section 473F.08, subdivision 3, clause (a), plus the portion of~~
 18.24 ~~homestead and agricultural credit aid under section 273.1398, subdivision 2, attributable~~
 18.25 ~~to nondebt transit levies, times~~

18.26 ~~(3) the ratio of (i) the municipality's total taxable market value for taxes payable~~
 18.27 ~~in 2006 divided by the municipality's total taxable market value for taxes payable in~~
 18.28 ~~2001, to (ii) the total taxable market value of all property located in replacement service~~
 18.29 ~~municipalities for taxes payable in 2006 divided by the total taxable market value of all~~
 18.30 ~~property located in replacement service municipalities for taxes payable in 2001.~~

18.31 ~~(c) The council shall pay the amount to be provided to the recipient from the funds~~
 18.32 ~~the council receives in the metropolitan area transit account under section 16A.88.~~

18.33 Subd. 5. **Other assistance.** ~~A city or town receiving assistance or levying a transit~~
 18.34 ~~tax under this section may also receive assistance from the council under section 473.384.~~
 18.35 ~~In applying for assistance under that section an applicant must describe the portion of its~~
 18.36 ~~available local transit funds or local transit taxes which are not obligated to subsidize its~~

19.1 ~~replacement transit service and which the applicant proposes to use to subsidize additional~~
 19.2 ~~service. An applicant which has exhausted its available local transit funds or local transit~~
 19.3 ~~taxes may use any other local subsidy funds to complete the required local share.~~

19.4 Subd. 7. **Local levy option.** (a) A statutory or home rule charter city or town that
 19.5 is eligible for assistance under this section may levy a tax for payment of obligations
 19.6 issued by the municipality for capital expenditures for transit and other related activities,
 19.7 provided that property taxes were pledged to satisfy the obligations, and provided that
 19.8 legislative appropriations are insufficient to satisfy the obligations.

19.9 (b) This subdivision is consistent with the transit redesign plan. Eligible
 19.10 municipalities opting to operate under this subdivision shall continue to meet the regional
 19.11 performance standards established by the ~~council~~ authority.

19.12 (c) Within the designated Americans with Disabilities Act area, metro mobility
 19.13 remains the obligation of the state.

19.14 Subd. 8. **Service incentive.** A replacement transit service shall receive an additional
 19.15 two percent of available local transit funds, as defined in subdivision 4, if the service
 19.16 increased its ridership for trips that originate outside of the replacement transit service's
 19.17 member communities and serve the employment centers in those communities by at
 19.18 least five percent from the previous year, provided the service operates within regional
 19.19 performance standards. A replacement transit service that is receiving the maximum
 19.20 amount of available local transit funds may receive up to two percent over the maximum
 19.21 amount set in subdivision 4 if it increases its ridership as provided in this subdivision. The
 19.22 additional funding received under this subdivision may be reserved by the replacement
 19.23 transit service for future use.

19.24 Sec. 19. Minnesota Statutes 2008, section 473.39, subdivision 1, is amended to read:

19.25 Subdivision 1. **General authority.** The ~~council~~ authority may issue general
 19.26 obligation bonds subject to the volume limitations in this section to provide funds to
 19.27 implement the ~~council's~~ authority's transit capital improvement program and may issue
 19.28 general obligation bonds not subject to the limitations for the refunding of outstanding
 19.29 bonds or certificates of indebtedness of the ~~council~~ authority, the former regional transit
 19.30 board or the former metropolitan transit commission, and judgments against the former
 19.31 regional transit board or the former metropolitan transit commission or the ~~council~~
 19.32 authority. The ~~council~~ authority may not issue obligations pursuant to this subdivision,
 19.33 other than refunding bonds, in excess of the amount specifically authorized by law. Except
 19.34 as otherwise provided in sections 473.371 to 473.449, the ~~council~~ authority shall provide
 19.35 for the issuance, sale, and security of the bonds in the manner provided in chapter 475, and

20.1 has the same powers and duties as a municipality issuing bonds under that law, except
20.2 that no election is required and the net debt limitations in chapter 475 do not apply to
20.3 the bonds. The obligations are not a debt of the state or any municipality or political
20.4 subdivision within the meaning of any debt limitation or requirement pertaining to those
20.5 entities. Neither the state, nor any municipality or political subdivision except the ~~council~~
20.6 authority, nor any member or officer or employee of the ~~council~~ authority, is liable on the
20.7 obligations. The obligations may be secured by taxes levied without limitation of rate or
20.8 amount upon all taxable property in the transit taxing district and transit area as provided in
20.9 section 473.446, subdivision 1, clause (c). As part of its levy made under section 473.446,
20.10 subdivision 1, clause (c), the ~~council~~ authority shall levy the amounts necessary to provide
20.11 full and timely payment of the obligations and transfer the proceeds to the appropriate
20.12 ~~council~~ authority account for payment of the obligations. The taxes must be levied,
20.13 certified, and collected in accordance with the terms and conditions of the indebtedness.

20.14 Sec. 20. Minnesota Statutes 2008, section 473.39, subdivision 1m, is amended to read:

20.15 Subd. 1m. **Obligations.** After March 1, 2008, in addition to other authority in
20.16 this section, the ~~council~~ authority may issue certificates of indebtedness, bonds, or
20.17 other obligations under this section in an amount not exceeding \$33,600,000 for capital
20.18 expenditures as prescribed in the ~~council's~~ authority's regional transit master plan and
20.19 transit capital improvement program and for related costs, including the costs of issuance
20.20 and sale of the obligations.

20.21 Sec. 21. Minnesota Statutes 2008, section 473.39, subdivision 2, is amended to read:

20.22 Subd. 2. **Legal investments.** Certificates of indebtedness, bonds, or other
20.23 obligations issued by the ~~council~~ authority to which tax levies have been pledged pursuant
20.24 to section 473.446, are proper for investment of any funds by a bank, savings bank, savings
20.25 association, credit union, trust company, insurance company, or public or municipal
20.26 corporation, and may be pledged by any bank, savings bank, savings association, credit
20.27 union, or trust company as security for the deposit of public money.

20.28 Sec. 22. Minnesota Statutes 2008, section 473.39, subdivision 4, is amended to read:

20.29 Subd. 4. **Transit capital improvement program.** The ~~council~~ authority may not
20.30 issue obligations pursuant to this section until the ~~council~~ authority adopts a ~~three-year~~
20.31 transit capital improvement program. The program must include a capital investment
20.32 component that sets forth a capital investment strategy and estimates the fiscal and other
20.33 effects of the strategy. The component must specify, to the extent practicable, the capital

21.1 improvements to be undertaken. For each improvement specified, the program must
 21.2 describe: (1) need, function, objective, and relative priority; (2) alternatives, including
 21.3 alternatives not involving capital expenditures; (3) ownership and operating entity; (4)
 21.4 location and schedule of development; (5) environmental, social, and economic effects;
 21.5 (6) cost; (7) manner of finance and revenue sources, including federal and state funds,
 21.6 private funds, taxes, and user charges; and (8) fiscal effects, including an estimate of
 21.7 annual operating costs and sources of revenue to pay the costs.

21.8 Sec. 23. Minnesota Statutes 2008, section 473.39, subdivision 5, as added by Laws
 21.9 2008, chapter 154, article 10, section 20, is amended to read:

21.10 Subd. 5. **Anticipation of grants.** In addition to other authority granted in this
 21.11 section, the council authority may exercise the authority granted to an issuing political
 21.12 subdivision by section 475.522.

21.13 Sec. 24. Minnesota Statutes 2008, section 473.392, is amended to read:

21.14 **473.392 SERVICE BIDDING.**

21.15 The council authority may competitively bid transit service ~~only~~ in accordance with
 21.16 standards, procedures, and guidelines adopted by resolution of the council authority.
 21.17 ~~The council shall establish a project management team to assist and advise the council~~
 21.18 ~~in developing and implementing standards, procedures, and guidelines. The project~~
 21.19 ~~management team must include representatives of the Amalgamated Transit Union Local~~
 21.20 ~~1005, private operators, local governments, and other persons interested in the subject. At~~
 21.21 ~~least 60 days before adopting any standards, procedures, or guidelines for competitive~~
 21.22 ~~bidding of transit service, the council shall hold a public hearing on the subject. The~~
 21.23 ~~council shall publish notice of the hearing in newspapers of general circulation in the~~
 21.24 ~~metropolitan area not less than 15 days before the hearing. At the hearing all interested~~
 21.25 ~~persons must be afforded an opportunity to present their views orally and in writing.~~
 21.26 ~~Following the hearing, and after considering the testimony, the council shall revise and~~
 21.27 ~~adopt the standards, procedures, and guidelines.~~

21.28 Sec. 25. **[473.3992] LIGHT RAIL AND COMMUTER RAIL; GENERAL**
 21.29 **REQUIREMENTS.**

21.30 All light rail transit and commuter rail planning shall conform to the requirements
 21.31 of the Federal Transit Administration, including the Cost Effectiveness Index where
 21.32 applicable, through all phases of the process.

22.1 Sec. 26. Minnesota Statutes 2008, section 473.3997, is amended to read:

22.2 **473.3997 FEDERAL FUNDING; LIGHT RAIL TRANSIT.**

22.3 (a) Upon completion of the alternatives analysis and draft environmental impact
 22.4 statement, and selection of the locally preferred alternative, for each light rail transit
 22.5 facility, the responsible authority may prepare an application for federal assistance for the
 22.6 light rail transit facility. If the commissioner is the responsible authority, the application
 22.7 must be reviewed and approved by the ~~Metropolitan Council~~ Minnesota Transit Authority
 22.8 before it is submitted by the commissioner. In reviewing the application the ~~council~~
 22.9 authority must consider the operating cost estimate developed under section 473.3994,
 22.10 subdivision 9.

22.11 (b) Except for the designated responsible authority for a particular light rail transit
 22.12 facility, no political subdivision in the metropolitan area may on its own apply for federal
 22.13 assistance for light rail transit planning or construction.

22.14 Sec. 27. Minnesota Statutes 2008, section 473.405, is amended to read:

22.15 **473.405 POWERS.**

22.16 Subdivision 1. **General.** The ~~Metropolitan Council~~ Minnesota Transit Authority
 22.17 has the powers and duties prescribed by this section and sections 473.407 to 473.449 and
 22.18 all powers necessary or convenient to discharge its duties.

22.19 Subd. 3. **Condemnation.** The ~~council~~ authority may for transit purposes acquire
 22.20 property, franchises, easements, or property rights or interests of any kind by condemnation
 22.21 proceedings pursuant to chapter 117. Except as provided in subdivision 9, the ~~council~~
 22.22 authority may take possession of any property for which condemnation proceedings have
 22.23 been commenced at any time after the filing of the petition describing the property in the
 22.24 proceedings. The ~~council~~ authority may contract with an operator or other persons for the
 22.25 use by the operator or person of any property under the ~~council's~~ authority's control.

22.26 Subd. 4. **Transit systems.** The ~~council~~ authority may engineer, construct, equip, and
 22.27 operate transit and paratransit systems, ~~projects, or any parts thereof, including road lanes~~
 22.28 ~~or rights-of-way, terminal facilities, maintenance and garage facilities, ramps, parking~~
 22.29 ~~areas, and any other~~ including any facilities useful for or related to any public transit or
 22.30 paratransit system or project. The ~~council~~ authority may sell or lease naming rights with
 22.31 regard to light rail transit stations and other transit facilities and apply revenues from sales
 22.32 or leases to light rail transit operating costs.

22.33 Subd. 5. **Acquisition of transit systems.** The ~~council~~ authority may acquire by
 22.34 purchase, lease, gift, or condemnation proceedings any existing public transit system
 22.35 or any part thereof, including all or any part of the plant, equipment, shares of stock,

23.1 property, real, personal, or mixed, rights in property, reserve funds, special funds,
23.2 franchises, licenses, patents, permits and papers, documents and records belonging to any
23.3 operator of a public transit system within the metropolitan area, and may in connection
23.4 therewith assume any or all liabilities of any operator of a public transit system. The
23.5 ~~council~~ authority may take control of and operate a system immediately following the
23.6 filing and approval of the initial petition for condemnation, if the ~~council~~ authority, in its
23.7 discretion, determines this to be necessary, and may take possession of all right, title and
23.8 other powers of ownership in all properties and facilities described in the petition. Control
23.9 must be taken by resolution which is effective upon service of a copy on the condemnee
23.10 and the filing of the resolution in the condemnation action. In the determination of the
23.11 fair value of the existing public transit system, there must not be included any value
23.12 attributable to expenditures for improvements made by the former Metropolitan Transit
23.13 Commission ~~or council~~, the Metropolitan Council, or the authority.

23.14 The ~~council~~ authority may continue or terminate within three months of acquisition
23.15 any advertising contract in existence by and between any advertiser and a transit system
23.16 that the ~~council~~ authority has acquired. If the ~~council~~ authority determines to terminate
23.17 the advertising contract, it shall acquire all of the advertiser's rights under the contract by
23.18 purchase or eminent domain proceedings as provided by law.

23.19 Subd. 9. **Condemnation of public or public service corporation property.** The
23.20 fact that property is owned by or is in charge of a public agency or a public service
23.21 corporation organized for a purpose specified in section 301B.01, or is already devoted to
23.22 a public use or to use by the corporation or was acquired therefor by condemnation may
23.23 not prevent its acquisition by the ~~council~~ authority by condemnation, but if the property
23.24 is in actual public use or in actual use by the corporation for any purpose of interest or
23.25 benefit to the public, the taking by the ~~council~~ authority by condemnation may not be
23.26 authorized unless the court finds and determines that there is greater public necessity for
23.27 the proposed use by the ~~council~~ authority than for the existing use.

23.28 Subd. 10. **Voluntary transfer of public property.** Any state department or other
23.29 agency of the state government or any county, municipality, or other public agency
23.30 may sell, lease, grant, transfer, or convey to the ~~council~~ authority, with or without
23.31 consideration, any facilities or any part or parts thereof or any real or personal property or
23.32 interest therein which may be useful to the ~~council~~ authority for any authorized purpose.
23.33 In any case where the construction of a facility has not been completed, the public agency
23.34 concerned may also transfer, sell, assign, and set over to the ~~council~~ authority, with or
23.35 without consideration, any existing contract for the construction of the facilities.

24.1 Subd. 12. **Management contracts.** Notwithstanding any of the other provisions
24.2 of this section and sections 473.407 to 473.449, the council authority may, in lieu of
24.3 directly operating any public transit system or any part thereof, enter into contracts for
24.4 management services. The contracts may provide for compensation, incentive fees, the
24.5 employment of personnel, the services provided, and other terms and conditions that the
24.6 council authority deems proper. The contracts must provide that the compensation of
24.7 personnel who work full time or substantially full time providing management or other
24.8 services for the council authority is public data under chapter 13.

24.9 The council authority may not permit a contract manager to supervise or manage
24.10 internal audit activities. Internal audit activity must be supervised and managed directly
24.11 by the council authority. The council authority shall advertise for bids and select contracts
24.12 for management services through competitive bidding. ~~The term of the contract may not~~
24.13 ~~be longer than two years.~~ The contract must include clear operating objectives, stating the
24.14 service policies and goals of the council authority in terms of the movement of various
24.15 passenger groups, and performance criteria, by means of which success in achieving the
24.16 operating objectives can be measured. The council authority shall consider and determine
24.17 the feasibility and desirability of having all its transit management services provided
24.18 internally by employees of the council authority.

24.19 The employees of any public transit system operated pursuant to the provisions of
24.20 this subdivision for the purpose of resolving any dispute arising under any existing or new
24.21 collective bargaining agreement relating to the terms or conditions of their employment,
24.22 may either engage in a concerted refusal to work or to invoke the processes of final and
24.23 binding arbitration as provided by chapter 572, subject to any applicable provisions of
24.24 the agreement not inconsistent with law.

24.25 Subd. 15. **Relocation of displaced persons.** The council authority may plan for and
24.26 assist in the relocation of individuals, families, business concerns, nonprofit organizations,
24.27 and others displaced by operations of the council authority, and may make relocation
24.28 payments in accordance with federal regulations.

24.29 Sec. 28. Minnesota Statutes 2008, section 473.4051, subdivision 1, is amended to read:

24.30 Subdivision 1. **Operator.** The council authority shall operate all light rail transit
24.31 facilities and services located in the metropolitan area upon completion of construction of
24.32 the facilities and the commencement of revenue service using the facilities. The council
24.33 authority may not allow the commencement of revenue service until after an appropriate
24.34 period of acceptance testing to ensure safe and satisfactory performance. In assuming the
24.35 operation of the system, the council authority must comply with section 473.415. The

25.1 ~~council~~ authority shall coordinate operation of the light rail transit system with bus service
25.2 to avoid duplication of service on a route served by light rail transit and to ensure the
25.3 widest possible access to light rail transit lines in both suburban and urban areas by means
25.4 of a feeder bus system.

25.5 Sec. 29. Minnesota Statutes 2008, section 473.407, subdivision 1, is amended to read:

25.6 Subdivision 1. **Authorization.** The ~~council~~ authority may appoint peace
25.7 officers, as defined in section 626.84, subdivision 1, paragraph (c), and establish a law
25.8 enforcement agency, as defined in section 626.84, subdivision 1, paragraph (f), known
25.9 as the Metropolitan Transit Police, to police its transit property and routes, to carry out
25.10 investigations, and to make arrests under sections 629.30 and 629.34. The jurisdiction
25.11 of the law enforcement agency is limited to offenses relating to ~~council~~ authority transit
25.12 property, equipment, employees, and passengers. The jurisdiction of the Metropolitan
25.13 Transit Police shall include traffic lanes designed for bus or transit use, freeway or
25.14 expressway shoulders in the seven-county metropolitan area used by authorized transit
25.15 buses and metro mobility buses under section 169.306, and high-occupancy vehicle
25.16 lanes used by transit buses. Upon request from, or under an agreement with, any law
25.17 enforcement agency and subject to the availability of its personnel and other resources,
25.18 the Metropolitan Transit Police may exercise general law enforcement agency authority
25.19 to assist any law enforcement agency in implementing or carrying out law enforcement
25.20 activities, programs, or initiatives. If the commissioner of transportation contracts with
25.21 the ~~Metropolitan Council~~ Minnesota Transit Authority for operation of commuter rail
25.22 facilities under section 174.90, the jurisdiction of the Metropolitan Transit Police extends
25.23 to offenses relating to the operation, property, facilities, equipment, employees, and
25.24 passengers of the commuter rail facilities located in and outside of the metropolitan area.

25.25 Sec. 30. Minnesota Statutes 2008, section 473.407, subdivision 3, is amended to read:

25.26 Subd. 3. **Policy for notice of investigations.** The transit police must develop a
25.27 policy for notifying the law enforcement agency with primary jurisdiction when it has
25.28 initiated surveillance or investigation of any person within the jurisdiction of that agency.
25.29 The ~~council~~ authority shall train all of its peace officers regarding the application of this
25.30 policy.

25.31 Sec. 31. Minnesota Statutes 2008, section 473.407, subdivision 4, is amended to read:

25.32 Subd. 4. **Chief law enforcement officer.** The ~~regional administrator~~ chair of
25.33 the Minnesota Transit Authority shall appoint a peace officer employed full time to

26.1 be the chief law enforcement officer and to be responsible for the management of the
 26.2 metropolitan transit police. The chief law enforcement officer shall possess the necessary
 26.3 police and management experience to manage a law enforcement agency. The chief law
 26.4 enforcement officer may appoint, discipline, and discharge all transit police personnel.
 26.5 All police managerial and supervisory personnel must be full-time employees of the
 26.6 Metropolitan Transit Police. Supervisory personnel must be on duty and available any
 26.7 time transit police are on duty. The chief law enforcement officer may not hire part-time
 26.8 peace officers as defined in section 626.84, subdivision 1, paragraph (d), except that the
 26.9 chief may appoint peace officers to work on a part-time basis not to exceed 30 full-time
 26.10 equivalents. A part-time officer must maintain an active peace officer license with the
 26.11 officer's full-time law enforcement employer.

26.12 Sec. 32. Minnesota Statutes 2008, section 473.407, subdivision 5, is amended to read:

26.13 Subd. 5. **Emergencies.** (a) The ~~council~~ authority shall ensure that all emergency
 26.14 vehicles used by transit police are equipped with radios capable of receiving and
 26.15 transmitting on the same frequencies utilized by the law enforcement agencies that have
 26.16 primary jurisdiction.

26.17 (b) When the transit police receive an emergency call they shall notify the public
 26.18 safety agency with primary jurisdiction and coordinate the appropriate response.

26.19 (c) Transit police officers shall notify the primary jurisdictions of their response
 26.20 to any emergency.

26.21 Sec. 33. Minnesota Statutes 2008, section 473.408, is amended to read:

26.22 **473.408 FARE POLICY.**

26.23 Subd. 2. **Fare policy.** (a) Fares and fare collection systems shall be established and
 26.24 administered to accomplish the following purposes:

26.25 (1) to encourage and increase transit and paratransit ridership with an emphasis
 26.26 on regular ridership;

26.27 (2) to restrain increases in the average operating subsidy per passenger; and

26.28 ~~(3) to ensure that no riders on any route pay more in fares than the average cost of~~
 26.29 ~~providing the service on that route;~~

26.30 ~~(4) to ensure that operating revenues are proportioned to the cost of providing the~~
 26.31 ~~service so as to reduce any disparity in the subsidy per passenger on routes in the transit~~
 26.32 ~~system; and~~

26.33 ~~(5) to implement the social fares as set forth in subdivision 2b.~~

27.1 (b) The plan must contain a statement of the policies that will govern the imposition
27.2 of user charges for various types of transit service and the policies that will govern
27.3 decisions by the council authority to change fare policy.

27.4 Subd. 2a. **Regular route fares.** The council authority shall establish and enforce
27.5 uniform fare policies for regular route transit in the metropolitan area. The policies
27.6 must be consistent with the requirements of this section and the council's authority's
27.7 transportation policy plan. The council authority and other operators shall charge a base
27.8 fare and any surcharges for peak hours and distance of service in accordance with the
27.9 council's authority's fares policies. The council authority shall approve all fare schedules.

27.10 ~~Subd. 2b. **Social fares.** For the purposes of raising revenue for improving public
27.11 safety on transit vehicles and at transit hubs or stops, the council shall review and may
27.12 adjust its social fares as they relate to passengers under the age of 18 during high crime
27.13 times provided that the increased revenues are dedicated to improving the safety of all
27.14 passengers.~~

27.15 Subd. 4. **Circulation fares.** The council authority and other operators may charge a
27.16 reduced fare for service on any route providing circulation service in a downtown area or
27.17 community activity center. The council authority and other operators shall not contribute
27.18 more than 50 percent of the operating deficit of any such route that is confined to a
27.19 downtown area or community activity center. The boundaries of service districts eligible
27.20 for reduced fares under this subdivision must be approved by the council authority.

27.21 Subd. 6. **Monthly passes.** The council authority may offer monthly passes for
27.22 regular route bus service for sale to the general public.

27.23 Subd. 7. **Employee discount passes.** The council authority may offer passes for
27.24 regular route bus service for sale to employers at a special discount.

27.25 Subd. 8. **Charitable organization discount passes.** The council authority may offer
27.26 passes, including tokens, for regular route bus service for sale to charitable organizations,
27.27 described in section 501(c)(3) of the Internal Revenue Code, at a special discount.

27.28 Subd. 9. **Youth discount passes.** (a) The council authority may offer passes,
27.29 including tokens, for regular route bus service to charitable organizations, described in
27.30 section 501(c)(3) of the Internal Revenue Code, free of charge. Any passes provided
27.31 under this subdivision must be:

27.32 (1) distributed to and used solely by a person who is under 16 years of age; and

27.33 (2) restricted to use on a bus that is not operating at full capacity at the time of
27.34 use of the bus pass.

27.35 (b) The council authority may establish additional requirements and terms of use of
27.36 the passes, including but not limited to charging a fee to the charitable organization for

28.1 any printing or production costs, restricting times of bus pass use to certain or nonpeak
28.2 hours of operation, and establishing oversight and auditing of the charitable organization
28.3 with regard to bus pass distribution and use.

28.4 Sec. 34. Minnesota Statutes 2008, section 473.409, is amended to read:

28.5 **473.409 AGREEMENTS WITH ~~COUNCIL~~ AUTHORITY;**
28.6 **ENCOURAGEMENT OF TRANSIT USE.**

28.7 A state department or agency, including the legislative branch, any local
28.8 governmental unit, or a metropolitan agency may enter into an agreement with the ~~council~~
28.9 authority and other operators for the purpose of encouraging the use of transit by its
28.10 employees residing in the metropolitan area. The agreement may provide for, among other
28.11 things: (a) the advance purchase of tokens, tickets or other devices from the ~~council~~
28.12 authority or other operator for use in lieu of fares on vehicles operated by the ~~council~~
28.13 authority or other operator; and (b) special transit service for employees to and from their
28.14 place of employment, at fares to be agreed upon by the contracting parties. The tokens,
28.15 tickets, or other devices or services may be made available to employees at reduced rates.
28.16 Any such agreement and arrangement by a state department or agency shall be submitted
28.17 to the commissioner of administration for approval before execution. Any operating
28.18 deficits or subsidy resulting from such agreements shall be assumed by the contracting
28.19 department, agency, governmental unit, or other commission, unless otherwise provided in
28.20 an agreement approved by the ~~council~~ authority.

28.21 Sec. 35. Minnesota Statutes 2008, section 473.411, is amended to read:

28.22 **473.411 TRANSIT AND HIGHWAY SYSTEMS.**

28.23 Subd. 3. **Services of Department of Transportation.** The ~~council~~ authority may
28.24 make use of engineering and other technical and professional services, including regular
28.25 staff and qualified consultants, which the commissioner of transportation can furnish, upon
28.26 fair and reasonable reimbursement for the cost thereof; provided, that the ~~council~~ authority
28.27 has final authority over the employment of any services from other sources which it may
28.28 deem necessary for such purposes. The commissioner of transportation may furnish all
28.29 engineering, legal, and other services, if so requested by the ~~council~~ authority and upon
28.30 fair and reasonable reimbursement for the cost thereof by the ~~council~~ authority, for the
28.31 purposes stated in this subdivision, including the acquisition by purchase, condemnation,
28.32 or otherwise in the name of the ~~council~~ authority of all lands, waters, easements, or other
28.33 rights or interests in lands or waters required by the ~~council~~ authority. No purchase of

29.1 service agreements may be made under this subdivision which are not included in the
29.2 budget of the ~~council~~ authority.

29.3 Subd. 4. **State highways; joint use for transit and highway purposes.** Wherever
29.4 the joint construction or use of a state highway is feasible in fulfilling the purposes of
29.5 sections 473.405 to 473.449, the ~~council~~ authority shall enter into an agreement with the
29.6 commissioner of transportation therefor, evidenced by a memorandum setting forth the
29.7 terms of the agreement. Either the ~~council~~ authority or the commissioner of transportation
29.8 may acquire any additional lands, waters, easements or other rights or interests required
29.9 for joint use in accordance with the agreement, or joint acquisition may be made by
29.10 condemnation as provided by section 117.016 and the provisions of sections 473.405
29.11 to 473.449. Under the agreement each party shall pay to the other party reasonable
29.12 compensation for the costs of any services performed at the request of the other party
29.13 which may include any costs of engineering, design, acquisition of property, construction
29.14 of the facilities, and for the use thereof so far as attributable to and necessary for the
29.15 purposes. The ~~council~~ authority may not agree to acquisitions or expenditures under this
29.16 subdivision which are not included in its budget.

29.17 Subd. 5. **Use of public roadways and appurtenances.** The ~~council~~ authority may
29.18 use for the purposes of sections 473.405 to 473.449 upon the conditions stated in this
29.19 subdivision any state highway or other public roadway, parkway, or lane, or any bridge
29.20 or tunnel or other appurtenance of a roadway, without payment of any compensation,
29.21 provided the use does not interfere unreasonably with the public use or maintenance of
29.22 the roadway or appurtenance or entail any substantial additional costs for maintenance.
29.23 The provisions of this subdivision do not apply to the property of any common carrier
29.24 railroad or common carrier railroads. The consent of the public agency in charge of such
29.25 state highway or other public highway or roadway or appurtenance is not required; except
29.26 that if the ~~council~~ authority seeks to use a designated parkway for regular route service
29.27 in the city of Minneapolis, it must obtain permission from and is subject to reasonable
29.28 limitations imposed by a joint board consisting of two representatives from the ~~council~~
29.29 authority, two members of the board of park commissioners, and a fifth member jointly
29.30 selected by the representatives of the ~~council~~ authority and the park board.

29.31 The board of park commissioners and the ~~council~~ authority may designate persons to
29.32 sit on the joint board. In considering a request by the ~~council~~ authority to use designated
29.33 parkways for additional routes or trips, the joint board consisting of the ~~council~~ authority
29.34 or their designees, the board of park commissioners or their designees, and the fifth
29.35 member, shall base its decision to grant or deny the request based on the criteria to be
29.36 established by the joint board. The decision to grant or deny the request must be made

30.1 within 45 days of the date of the request. The park board must be notified immediately
30.2 by the ~~council~~ authority of any temporary route detours. If the park board objects to the
30.3 temporary route detours within five days of being notified, the joint board must convene
30.4 and decide whether to grant the request, otherwise the request is deemed granted. If the
30.5 agency objects to the proposed use or claims reimbursement from the ~~council~~ authority for
30.6 additional cost of maintenance, it may commence an action against the ~~council~~ authority
30.7 in the district court of the county wherein the highway, roadway, or appurtenance, or
30.8 major portion thereof, is located. The proceedings in the action must conform to the
30.9 Rules of Civil Procedure applicable to the district courts. The court shall sit without jury.
30.10 If the court determines that the use in question interferes unreasonably with the public
30.11 use or maintenance of the roadway or appurtenance, it shall enjoin the use by the ~~council~~
30.12 authority. If the court determines that the use in question does not interfere unreasonably
30.13 with the public use or maintenance of the roadway or appurtenance, but that it entails
30.14 substantial additional maintenance costs, the court shall award judgment to the agency for
30.15 the amount of the additional costs. Otherwise the court shall award judgment to the ~~council~~
30.16 authority. An aggrieved party may appeal from the judgment of the district court in the
30.17 same manner as is provided for such appeals in other civil actions. The ~~council~~ authority
30.18 may also use land within the right-of-way of any state highway or other public roadway
30.19 for the erection of traffic control devices, other signs, and passenger shelters upon the
30.20 conditions stated in this subdivision and subject only to the approval of the commissioner
30.21 of transportation where required by statute, and subject to the express provisions of other
30.22 applicable statutes and to federal requirements where necessary to qualify for federal aid.

30.23 Sec. 36. Minnesota Statutes 2008, section 473.415, subdivision 1, is amended to read:

30.24 Subdivision 1. **Includes no worse off clause.** If the ~~council~~ authority acquires
30.25 an existing transit system, the ~~council~~ authority shall assume and observe all existing
30.26 labor contracts and pension obligations. All employees of such system except executive
30.27 and administrative officers who are necessary for the operation thereof by the ~~council~~
30.28 authority shall be transferred to and appointed as employees of the ~~council~~ authority for
30.29 the purposes of the transit system, subject to all the rights and benefits of sections 473.405
30.30 to 473.449. Such employees shall be given seniority credit and sick leave, vacation,
30.31 insurance, and pension credits in accordance with the records or labor agreements from the
30.32 acquired transit system. The ~~council~~ authority shall assume the obligations of any transit
30.33 system acquired by it with regard to wages, salaries, hours, working conditions, sick
30.34 leave, health and welfare and pension or retirement provisions for employees. The ~~council~~
30.35 authority and the employees, through their representatives for collective bargaining

31.1 purposes, shall take whatever action may be necessary to have pension trust funds
31.2 presently under the joint control of the acquired system and the participating employees
31.3 through their representatives transferred to the trust fund to be established, maintained and
31.4 administered jointly by the council authority and the participating employees through their
31.5 representatives. No employee of any acquired system who is transferred to a position with
31.6 the council authority shall by reason of such transfer be placed in any worse position with
31.7 respect to workers' compensation, pension, seniority, wages, sick leave, vacation, health
31.8 and welfare insurance or any other benefits than the employee enjoyed as an employee
31.9 of such acquired system.

31.10 Sec. 37. Minnesota Statutes 2008, section 473.416, is amended to read:

31.11 **473.416 RIGHTS OF SYSTEM WORKERS IN TAKEOVER OF TRANSIT**
31.12 **SYSTEM.**

31.13 Whenever the council authority directly operates any public transit system, or any
31.14 part thereof, or enters into any management contract or other arrangement for the operation
31.15 of a system, the council authority shall take the action necessary to extend to employees
31.16 of the affected public transit systems, in accordance with seniority, the first opportunity
31.17 for reasonably comparable employment in any available nonsupervisory jobs in respect
31.18 to such operations for which they can qualify after a reasonable training period. The
31.19 employment must not result in any worsening of the employee's position in the employee's
31.20 former employment nor any loss of wages, hours, working conditions, seniority, fringe
31.21 benefits, and rights and privileges pertaining thereto. The council authority may enter
31.22 into an agreement specifying fair and equitable arrangements to protect the interests of
31.23 employees who may be affected if the council authority should acquire any interest in or
31.24 purchase any facilities or other property of a privately owned and operated transit system,
31.25 or construct, improve, or reconstruct any facilities or other property acquired from any
31.26 system, or provide by contract or otherwise for the operation of transportation facilities or
31.27 equipment in competition with, or supplementary to, the service provided by an existing
31.28 transit system. The agreement, specifying the terms and conditions of the protective
31.29 arrangements, must comply with any applicable requirements of this chapter, and with the
31.30 requirements of any federal law or regulation if federal aid is involved. The agreement
31.31 may provide for final and binding arbitration of any dispute.

31.32 Sec. 38. Minnesota Statutes 2008, section 473.42, is amended to read:

31.33 **473.42 EMPLOYER CONTRIBUTIONS FOR CERTAIN EMPLOYEES.**

32.1 Notwithstanding any contrary provisions of section 352.029, the council authority
32.2 shall make the employer contributions required pursuant to section 352.04, subdivision
32.3 3, for any employee who was on authorized leave of absence from the transit operating
32.4 division of the former Metropolitan Transit Commission who is employed by the labor
32.5 organization which is the exclusive bargaining agent representing employees of the Office
32.6 of Transit Operations and who is covered by the Minnesota State Retirement System in
32.7 addition to all other employer contributions the council authority is required to make.

32.8 Sec. 39. Minnesota Statutes 2008, section 473.436, is amended to read:

32.9 **473.436 ~~COUNCIL~~ AUTHORITY; BORROWING MONEY.**

32.10 Subd. 2. **Legal investments.** Certificates of indebtedness, bonds, or other
32.11 obligations issued by the council authority to which tax levies have been pledged pursuant
32.12 to section 473.446, subdivision 1, shall be proper for investment of any funds by any bank,
32.13 savings bank, savings association, credit union, trust company, insurance company or
32.14 public or municipal corporation, and may be pledged by any bank, savings bank, savings
32.15 association, credit union, or trust company as security for the deposit of public moneys.

32.16 Subd. 3. **Tax exempt.** Certificates of indebtedness, bonds, or other obligations
32.17 of the council authority shall be deemed and treated as instrumentalities of a public
32.18 government agency.

32.19 Subd. 6. **Temporary borrowing.** On or after the first day of any fiscal year,
32.20 the council authority may borrow money which may be used or expended by the
32.21 council authority for any purpose, including but not limited to current expenses, capital
32.22 expenditures and the discharge of any obligation or indebtedness of the council authority.
32.23 The indebtedness must be represented by a note or notes which may be issued from time
32.24 to time in any denomination and sold at public or private sale pursuant to a resolution
32.25 authorizing the issuance. The resolution must set forth the form and manner of execution
32.26 of the notes and shall contain other terms and conditions the council authority deems
32.27 necessary or desirable to provide security for the holders of the notes. The note or
32.28 notes are payable from committed or appropriated money from taxes, grants or loans
32.29 of the state or federal government made to the council authority, or other revenues of
32.30 the council authority, and the money may be pledged to the payment of the notes. The
32.31 council authority is authorized to pledge to the payment of the note or notes taxes levied
32.32 by it under section 473.446, subdivision 1, clause (a), and if taxes are so pledged the
32.33 council authority shall transfer amounts received from the levy to the council authority
32.34 for payment of the note or notes. To the extent the notes are not paid from the grant or
32.35 loan money pledged for the payment thereof, the principal and interest of the notes must

33.1 be paid from any taxes received by the council authority and any income and revenue
 33.2 received by or accrued to the council authority during the fiscal year in which the note or
 33.3 notes were issued, or other money of the council authority lawfully available therefor.

33.4 Sec. 40. Minnesota Statutes 2008, section 473.446, is amended to read:

33.5 **473.446 TRANSIT TAX LEVIES.**

33.6 Subdivision 1. **Metropolitan area transit tax.** (a) For the purposes of sections
 33.7 473.405 to 473.449 and the metropolitan transit system, except as otherwise provided in
 33.8 this subdivision, the council authority shall levy each year upon all taxable property within
 33.9 the metropolitan area, defined in section 473.121, subdivision 2, a transit tax consisting of:

33.10 (1) an amount necessary to provide full and timely payment of certificates of
 33.11 indebtedness, bonds, including refunding bonds or other obligations issued or to be issued
 33.12 under section 473.39 by the council authority for purposes of acquisition and betterment
 33.13 of property and other improvements of a capital nature and to which the council authority
 33.14 has specifically pledged tax levies under this clause; and

33.15 (2) an additional amount necessary to provide full and timely payment of certificates
 33.16 of indebtedness issued by the council authority, after consultation with the commissioner
 33.17 of finance, if revenues to the metropolitan area transit fund in the fiscal year in which
 33.18 the indebtedness is issued increase over those revenues in the previous fiscal year by a
 33.19 percentage less than the percentage increase for the same period in the revised Consumer
 33.20 Price Index for all urban consumers for the St. Paul-Minneapolis metropolitan area
 33.21 prepared by the United States Department of Labor.

33.22 (b) Indebtedness to which property taxes have been pledged under paragraph (a),
 33.23 clause (2), that is incurred in any fiscal year may not exceed the amount necessary to make
 33.24 up the difference between (1) the amount that the council authority received or expects
 33.25 to receive in that fiscal year from the metropolitan area transit fund and (2) the amount
 33.26 the council authority received from that fund in the previous fiscal year multiplied by
 33.27 the percentage increase for the same period in the revised Consumer Price Index for all
 33.28 urban consumers for the St. Paul-Minneapolis metropolitan area prepared by the United
 33.29 States Department of Labor.

33.30 Subd. 2. **Transit taxing district.** The metropolitan transit taxing district ~~is hereby~~
 33.31 ~~designated as that portion of the metropolitan transit area lying~~ includes the counties of
 33.32 Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. The transit taxing
 33.33 district also includes any county in which one-third or more of the residents work within
 33.34 the following named cities, towns, or unorganized territory within the counties indicated:

34.1 (a) Anoka County. Anoka, Blaine, Centerville, Columbia Heights, Coon Rapids,
34.2 Fridley, Circle Pines, Hilltop, Lexington, Lino Lakes, Spring Lake Park;

34.3 (b) Carver County. Chanhassen, the city of Chaska;

34.4 (c) Dakota County. Apple Valley, Burnsville, Eagan, Inver Grove Heights, Lilydale,
34.5 Mendota, Mendota Heights, Rosemount, South St. Paul, Sunfish Lake, West St. Paul;

34.6 (d) Ramsey County. All of the territory within Ramsey County;

34.7 (e) Hennepin County. Bloomington, Brooklyn Center, Brooklyn Park, Champlin,
34.8 Chanhassen, Crystal, Deephaven, Eden Prairie, Edina, Excelsior, Golden Valley,
34.9 Greenwood, Hopkins, Long Lake, Maple Grove, Medicine Lake, Minneapolis,
34.10 Minnetonka, Minnetonka Beach, Mound, New Hope, Orono, Osseo, Plymouth, Richfield,
34.11 Robbinsdale, St. Anthony, St. Louis Park, Shorewood, Spring Park, Tonka Bay, Wayzata,
34.12 Woodland, the unorganized territory of Hennepin County;

34.13 (f) Scott County. Prior Lake, Savage, Shakopee;

34.14 (g) Washington County. Baytown, the city of Stillwater, White Bear Lake, Bayport,
34.15 Birchwood, Cottage Grove, Dellwood, Lake Elmo, Landfall, Mahtomedi, Newport,
34.16 Oakdale, Oak Park Heights, Pine Springs, St. Paul Park, Willernie, Woodbury.

34.17 The ~~Metropolitan Council~~ Minnesota Transit Authority in its sole discretion may
34.18 provide transit service by contract beyond the boundaries of the metropolitan transit
34.19 taxing district or to cities and towns within the taxing district which are receiving financial
34.20 assistance under section 473.388, upon petition therefor by an interested city, township
34.21 or political subdivision within the metropolitan transit area. The ~~Metropolitan Council~~
34.22 Minnesota Transit Authority may establish such terms and conditions as it deems
34.23 necessary and advisable for providing the transit service, including such combination of
34.24 fares and direct payments by the petitioner as will compensate the ~~council~~ authority for the
34.25 full capital and operating cost of the service and the related administrative activities of the
34.26 ~~council~~ authority. The amount of the levy made by any municipality to pay for the service
34.27 shall be disregarded when calculation of levies subject to limitations is made, provided
34.28 that cities and towns receiving financial assistance under section 473.388 shall not make
34.29 a special levy under this subdivision without having first exhausted the available local
34.30 transit funds as defined in section 473.388. The ~~council~~ authority shall not be obligated to
34.31 extend service beyond the boundaries of the taxing district, or to cities and towns within
34.32 the taxing district which are receiving financial assistance under section 473.388, under
34.33 any law or contract unless or until payment therefor is received.

34.34 Subd. 2a. **Rights of debt holders.** The provisions of subdivisions 1 and 2 or any
34.35 other law changing the boundaries of the metropolitan transit taxing district or reducing
34.36 the levy otherwise required to be levied within the district shall not be deemed to impair

35.1 the rights of holders of outstanding indebtedness to require the levy of property taxes,
35.2 if necessary to provide for any deficiency in accordance with the conditions of such
35.3 indebtedness, on all property within the limits of the metropolitan transit taxing district as
35.4 such limits were in effect at the date of issuance of such indebtedness.

35.5 Subd. 3. **Certification and collection.** Each county treasurer shall collect and make
35.6 settlement of the taxes levied under subdivisions 1 and 1a with the treasurer of the ~~council~~
35.7 authority. The levy of transit taxes pursuant to this section shall not affect the amount
35.8 or rate of taxes which may be levied by any county or municipality or by the ~~council~~
35.9 authority for other purposes authorized by law and shall be in addition to any other
35.10 property tax authorized by law.

35.11 Subd. 7. **Rights of holders of debt; after 1983 levy.** Beginning for taxes levied in
35.12 1984, payable in 1985, and for each succeeding year, as part of its levy made pursuant to
35.13 subdivisions 1 and 6, the ~~council~~ authority shall levy the amounts necessary to provide
35.14 full and timely payment of certificates of indebtedness, bonds, and other obligations of
35.15 the former Metropolitan Transit Commission, until all debt of the commission is fully
35.16 discharged and transfer the proceeds to the appropriate ~~council~~ authority account for
35.17 payment of its obligations. The taxes must be levied, certified, and collected in accordance
35.18 with the terms and conditions of the indebtedness. Nothing in Laws 1984, chapter 654
35.19 may impair the rights of holders of valid obligations of the former Metropolitan Transit
35.20 Commission to require a levy of property taxes. The ~~council~~ authority shall take the
35.21 actions necessary to comply with the terms and conditions of the obligations, including if
35.22 necessary the levy of property taxes to provide for a deficiency.

35.23 Subd. 8. **State review.** The commissioner of revenue shall certify the ~~council's~~
35.24 authority's levy limitation under this section to the ~~council~~ authority by August 1 of
35.25 the levy year. The ~~council~~ authority must certify its proposed property tax levy under
35.26 this section to the commissioner of revenue by September 1 of the levy year. The
35.27 commissioner of revenue shall annually determine whether the property tax for transit
35.28 purposes certified by the ~~council~~ authority for levy following the adoption of its proposed
35.29 budget is within the levy limitation imposed by subdivisions 1 and 1b. The commissioner
35.30 shall also annually determine whether the transit tax imposed on all taxable property
35.31 within the metropolitan transit area but outside of the metropolitan transit taxing district
35.32 is within the levy limitation imposed by subdivision 1a. The determination must be
35.33 completed prior to September 10 of each year. If current information regarding market
35.34 valuation in any county is not transmitted to the commissioner in a timely manner, the
35.35 commissioner may estimate the current market valuation within that county for purposes
35.36 of making the calculations.

36.1 Sec. 41. Minnesota Statutes 2008, section 473.448, is amended to read:

36.2 **473.448 TRANSIT ASSETS EXEMPT FROM TAX BUT MUST PAY**
36.3 **ASSESSMENTS.**

36.4 (a) Notwithstanding any other provision of law to the contrary, the properties,
36.5 moneys, and other assets of the council authority used for transit operations or for special
36.6 transportation services and all revenues or other income from the council's authority's
36.7 transit operations or special transportation services are exempt from all taxation, licenses,
36.8 or fees imposed by the state or by any county, municipality, political subdivision, taxing
36.9 district, or other public agency or body of the state, except to the extent that the property is
36.10 subject to the sales and use tax under chapter 297A.

36.11 (b) Notwithstanding paragraph (a), the council's authority's transit properties are
36.12 subject to special assessments levied by a political subdivision for a local improvement in
36.13 amounts proportionate to and not exceeding the special benefit received by the properties
36.14 from the improvement.

36.15 Sec. 42. Minnesota Statutes 2008, section 473.449, is amended to read:

36.16 **473.449 ACT EXCLUSIVE.**

36.17 The exercise by the council authority of the powers provided in sections 473.405 to
36.18 473.449 shall not be subject to regulation by or the jurisdiction or control of any other
36.19 public body or agency, either state, county, or municipal, except as specifically provided
36.20 in this chapter.

36.21 Sec. 43. **STATEWIDE MASS TRANSIT PLAN.**

36.22 The Minnesota Transit Authority shall prepare a comprehensive integrated statewide
36.23 mass transit plan and report that plan to the legislature by January 1, 2010. The plan shall
36.24 include the requirement that local governments adopt land use and subdivision regulations
36.25 to reduce reliance on automobiles by allowing transit-oriented developments on lands
36.26 along dedicated transit routes, and to encourage redevelopment of existing parking areas
36.27 for transit-oriented development.

36.28 Sec. 44. **REVISOR'S INSTRUCTION.**

36.29 The revisor of statutes shall replace the term "Metropolitan Council" with
36.30 "Minnesota Transit Authority" in Minnesota Statutes, sections 16A.88, subdivision
36.31 2; 169.306, paragraph (d), clause (1); 174.30, subdivision 4, paragraph (e); 221.012,
36.32 subdivision 38, paragraph (b); 275.065, subdivision 3, paragraph (i), clause (1); and
36.33 297A.70, subdivision 2, paragraph (a), clause (4).

37.1 Sec. 45. **REPEALER.**

37.2 Minnesota Statutes 2008, sections 297A.992; 297A.993; 398A.04, subdivisions 2
37.3 and 3; 398A.10; 473.384, subdivisions 6 and 7; 473.387; 473.391; 473.399, subdivisions
37.4 1, 1a, 4, and 5; 473.3994, subdivisions 1a, 2, 3, 4, 5, 7, 8, 9, 10, and 14; and 473.4461, and
37.5 Laws 2008, chapter 152, article 6, section 8, are repealed.

297A.992 METROPOLITAN TRANSPORTATION AREA SALES TAX.

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

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

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

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

(4) "minimum guarantee county" means any metropolitan county or eligible county that is participating in the joint powers agreement under subdivision 3, whose proportion of the annual sales tax revenue under this section collected within that county is less than or equal to three percent; and

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

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

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

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

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

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

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

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

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

(b) The joint powers board may utilize no more than three-fourths of one percent of the proceeds of the taxes imposed under this section for ordinary administrative expenses incurred in carrying out the provisions of this section. Any additional administrative expenses must be paid by the participating counties.

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

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

APPENDIX

Repealed Minnesota Statutes: 09-2085

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 subdivision, in fiscal year 2009, of the initial revenue collected under this section, the joint powers board shall allocate at least \$30,783,000 to the Metropolitan Council for operating assistance for transit.

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

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

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

(iii) feasibility studies, planning, alternatives analyses, environmental studies, engineering, property acquisition for transit way purposes, and construction of transit ways; and

(iv) operating assistance for transit ways.

(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. 7. Bonds. (a) The joint powers board or any county, acting under a joint powers agreement as specified in this section, may, by resolution, authorize, issue, and sell its bonds, notes, or other obligations for the purpose of funding grants under subdivision 6. The joint powers board or county may also, by resolution, issue bonds to refund the bonds issued pursuant to this subdivision.

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

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

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

APPENDIX

Repealed Minnesota Statutes: 09-2085

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

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

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

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

Subd. 8. Allocation of revenues. After the deductions allowed in section 297A.99, subdivision 11, the commissioner of revenue shall remit the proceeds of the taxes imposed under this section on a monthly basis, as directed by the joint powers board under this section.

Subd. 9. Administration, collection, enforcement. Except as otherwise provided in this section, the provisions of section 297A.99, subdivisions 4 and 6 to 12a, govern the administration, collection, and enforcement of the tax authorized under this section.

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

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

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.

297A.993 GREATER MINNESOTA TRANSPORTATION SALES AND USE TAX.

Subdivision 1. Authorization; rates. Notwithstanding section 297A.99, subdivisions 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county outside the metropolitan transportation area, as defined under section 297A.992, subdivision 1, or more than one county outside the metropolitan transportation area acting under a joint powers agreement, may impose (1) a transportation sales tax at a rate of up to one-half of one percent on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle purchased or acquired from any person engaged in the business of selling motor vehicles at retail, occurring within the jurisdiction of the taxing authority. The taxes imposed under this section are subject to approval by a majority of the voters in each of the counties affected at a general election who vote on the question to impose the taxes.

Subd. 2. Allocation; termination. The proceeds of the taxes must be dedicated exclusively to payment of the cost of a specific transportation project or improvement. The transportation project or improvement must be designated by the board of the county, or more than one county acting under a joint powers agreement. The taxes must terminate after the project or improvement has been completed.

Subd. 3. Administration, collection, enforcement. The administration, collection, and enforcement provisions in section 297A.99, subdivisions 4 and 6 to 12, apply to all taxes imposed under this section.

398A.04 POWERS.

Subd. 2. Railroad acquisition and operation. The authority may plan, establish, acquire, develop, construct, purchase, enlarge, extend, improve, maintain, equip, operate, regulate, and protect railroads and railroad facilities, including but not limited to terminal buildings, roadways, crossings, bridges, causeways, tunnels, equipment, and rolling stock. The authority may not

APPENDIX

Repealed Minnesota Statutes: 09-2085

expend state or federal funds to engage in planning for or development of light rail transit or commuter rail transit, unless this activity is consistent with a plan adopted by the department of transportation under section 174.84 and a plan adopted by the metropolitan council under section 473.399, and is carried out pursuant to a memorandum of understanding executed by the authority and the commissioner after appropriate consultation with the metropolitan council.

Subd. 3. **Permits.** The authority may apply to any public agency for permits, consents, authorizations, and approvals required for any project and take all actions necessary to comply with their conditions.

398A.10 TRANSIT FUNDING.

Subdivision 1. **Capital costs.** A county regional railroad authority may not contribute more than ten percent of the capital costs of a light rail transit or commuter rail project. This subdivision does not apply to a light rail transit project for which a county regional railroad authority commits to providing an amount greater than ten percent of the capital costs, if the commitment (1) is made before October 2, 2008, (2) is made as part of an application for federal funds, and (3) is adjusted by the county regional railroad authority to meet the requirements of this subdivision as part of the next scheduled federal funding application for the project.

Subd. 2. **Operating and maintenance costs.** A county regional railroad authority may not contribute any funds to pay the operating and maintenance costs for a light rail transit or commuter rail project. If a county regional railroad authority is contributing funds for operating and maintenance costs on a light rail transit or commuter rail project on February 25, 2008, the authority may continue to contribute funds for these purposes until January 1, 2009.

Subd. 3. **Application.** This section only applies to a county that has imposed the metropolitan transportation sales and use tax under section 297A.992.

473.384 CONTRACTS.

Subd. 6. **Financial assistance for certain providers.** The council shall provide financial assistance to recipients who were receiving assistance by contract with the commissioner of transportation under Minnesota Statutes 1982, section 174.24, subdivision 3 on July 1, 1984, so that the percentage of total operating cost, as defined by the council, paid by the recipient from all local sources of revenue, including operating revenue, does not exceed the percentage for the recipient's classification as determined by the commissioner of transportation under the commissioner's final contract with the recipient. The council may include funds received under section 473.446, subdivision 1a, as a local source of revenue. The remainder of the total operating cost will be paid by the council less all assistance received by the recipient for that purpose from any federal source.

If a recipient informs the council in writing prior to the distribution of financial assistance for any year that paying its designated percentage of total operating cost from local sources will cause undue hardship, the council may adjust the percentage as it deems equitable. If for any year the funds available to the council are insufficient to allow the council to pay its share of total operating cost for those recipients, the council shall reduce its share in each classification to the extent necessary.

Subd. 7. **Transit operations impact assessment.** Prior to entering into a contract for operating assistance with a recipient, the council shall evaluate the effect, if any, of the contract on the ridership, routes, schedules, fares, and staffing levels of the existing and proposed service provided by the council. The council may enter into the contract only if it determines that the service to be assisted under the contract will not impose an undue hardship on the ridership or financial condition of the council's transit operations. The requirements of this subdivision do not apply to contracts for assistance to recipients who, as part of a negotiated cost-sharing arrangement with the council, pay a substantial part of the cost of services that directly benefit the recipient as an institution or organization.

473.387 SPECIAL TRANSPORTATION MARKETS.

Subdivision 1. **Purposes.** The legislature finds and declares that the limited public resources available to subsidize transit require increased efforts to concentrate service and funding on special sectors of the marketplace, so as to ensure a basic level of mobility for all persons in the metropolitan area. The purposes of the programs established by this section are to better target transit services and expenditures on transit dependent sectors of the market and to increase the efficiency and effectiveness and control the cost of transit services for persons who lack private means of transportation.

APPENDIX

Repealed Minnesota Statutes: 09-2085

Subd. 2. **Administration.** The council shall design and administer the programs under this section. The council may request proposals for projects to demonstrate methods of achieving the purposes of programs administered under this section. The council shall design or ensure the design of programs that will provide better access for the targeted service groups to places of employment and activity throughout the metropolitan area, using regular route transit, paratransit, taxis, car or van pools, or other means of conveyance. The council may organize the services by providing to individuals, directly or indirectly, reduced fares or passes on public transit or vouchers to be used to purchase transportation; by contracting with public and private providers; by arrangements with government agencies, civic and community organizations or nonprofit groups providing assistance to the targeted service groups; by arrangements with prospective employers, with employment, education, retail, medical, or other activity centers, or with local governments; or by any other methods designed to improve service and reduce costs to the targeted service groups.

Subd. 3. **Job seekers.** The council shall establish a program and policies to increase the availability and utility of public transit services and reduce transportation costs for persons who are seeking employment and who lack private means of transportation.

Subd. 4. **Transit disadvantaged.** The council shall establish a program and policies to reduce transportation costs for persons who are, because of limited incomes, age, disability, or other reasons, especially dependent on public transit for common mobility.

473.391 ROUTE PLANNING AND SCHEDULING.

Subdivision 1. **Contracts.** The council may contract with other operators or local governments for route planning and scheduling services in any configuration of new or reconfiguration of existing transit services and routes, including route planning and scheduling necessary for the test marketing program, the service bidding program, and the interstate highway described generally as legislative routes Nos. 10 and 107 between I-494 and the Hawthorne interchange in the city of Minneapolis, commonly known as I-394.

Subd. 2. **Route elimination; service reduction.** The council shall, before making a determination to eliminate or reduce service on existing transit routes, consider:

- (1) the level of subsidy per passenger on each route;
- (2) the availability and proximity of alternative transit routes; and
- (3) the percentage of transit dependent riders, including youth, elderly, low-income, and disabled riders currently using each route.

473.399 TRANSIT WAYS; LIGHT RAIL TRANSIT AND COMMUTER RAIL IN THE METROPOLITAN AREA.

Subdivision 1. **General requirements.** (a) The council must identify in its transportation policy plan those heavily traveled corridors where development of a transit way may be feasible and cost-effective. Modes of providing service in a transit way may include bus rapid transit, light rail transit, commuter rail, or other available systems or technologies that improve transit service.

(b) After the completion of environmental studies and receipt of input from the governing body of each statutory and home rule charter city, county, and town in which a transit way is proposed to be constructed, the council must designate the locally preferred alternative transit mode with respect to the corridor.

(c) The council shall ensure that any light rail transit facilities that are designated as the locally preferred alternative and that are to be constructed in the metropolitan area will be acquired, developed, owned, and capable of operation in an efficient, cost-effective, and coordinated manner in coordination with buses and other transportation modes and facilities.

(d) Construction of light rail transit facilities in a particular transit corridor may not commence unless and until that mode is designated as the locally preferred alternative for that corridor by the council.

Subd. 1a. **Integrated transportation system.** The commissioner of transportation and the Metropolitan Council shall ensure that light rail transit and commuter rail facilities are planned, designed, and implemented: (1) to move commuters and transit users into and out of, as well as within, the metropolitan area, and (2) to ensure that rail transit lines will interface with each other and other transportation facilities and services so as to provide a unified, integrated, and efficient multimodal transportation system.

Subd. 4. **Expenditure of state funds.** No state funds may be expended by the Metropolitan Council to study a particular light rail transit or commuter rail facility unless the funds are appropriated in legislation that identifies the route, including the origin and destination.

APPENDIX

Repealed Minnesota Statutes: 09-2085

Subd. 5. **Availability of light rail transit information.** The Metropolitan Council shall maintain in a centralized location on an Internet Web site, for each light rail transit line operated by the council and for each year of operation of the line:

- (1) financial data, including revenue by source and operating and capital expenses; and
- (2) ridership information, including ridership and passenger miles.

473.3994 LIGHT RAIL TRANSIT; DESIGN PLANS.

Subd. 1a. **Designation of responsible authority.** For each proposed light rail transit facility in the metropolitan area, the governor must designate either the Metropolitan Council or the state of Minnesota acting through the commissioner of transportation as the entity responsible for planning, designing, acquiring, constructing, and equipping the facility. Notwithstanding such designation, the commissioner and the council may enter into one or more cooperative agreements with respect to the planning, designing, acquiring, constructing, or equipping of a particular light rail transit facility that provide for the parties to exercise their respective authorities in support of the project in a manner that best serves the project and the public.

Subd. 2. **Preliminary design plans; public hearing.** Before final design plans are prepared for a light rail transit facility in the metropolitan area, the responsible authority and the regional railroad authority or authorities in whose jurisdiction the line or lines are located must hold a public hearing on the physical design component of the preliminary design plans. The responsible authority and the regional railroad authority or authorities in whose jurisdiction the line or lines are located must provide appropriate public notice of the hearing and publicity to ensure that affected parties have an opportunity to present their views at the hearing. The responsible authority shall summarize the proceedings and testimony and maintain the record of a hearing held under this section, including any written statements submitted.

Subd. 3. **Preliminary design plans; local approval.** At least 30 days before the hearing under subdivision 2, the responsible authority shall submit the physical design component of the preliminary design plans to the governing body of each statutory and home rule charter city, county, and town in which the route is proposed to be located. The city, county, or town shall hold a public hearing. Within 45 days after the hearing under subdivision 2, the city, county, or town shall review and approve or disapprove the plans for the route to be located in the city, county, or town. A local unit of government that disapproves the plans shall describe specific amendments to the plans that, if adopted, would cause the local unit to withdraw its disapproval. Failure to approve or disapprove the plans in writing within 45 days after the hearing is deemed to be approval, unless an extension of time is agreed to by the city, county, or town and the responsible authority.

Subd. 4. **Preliminary design plans; council hearing.** If the governing body of one or more cities, counties, or towns disapproves the preliminary design plans within the period allowed under subdivision 3, the council shall hold a hearing on the plans, giving the commissioner of transportation, if the responsible authority, any disapproving local governmental units, and other persons an opportunity to present their views on the plans. The council may conduct independent study as it deems desirable and may mediate and attempt to resolve disagreements about the plans. Within 60 days after the hearing, the council shall review the plans and shall decide what amendments to the plans, if any, must be made to accommodate the objections presented by the disapproving local governmental units. Amendments to the plans as decided by the council must be made before continuing the planning and designing process.

Subd. 5. **Final design plans.** (a) If the final design plans incorporate a substantial change from the preliminary design plans with respect to location, length, or termini of routes; general dimension, elevation, or alignment of routes and crossings; location of tracks above ground, below ground, or at ground level; or station locations, before beginning construction, the responsible authority shall submit the changed component of the final design plans to the governing body of each statutory and home rule city, county, and town in which the changed component is proposed to be located. Within 60 days after the submission of the plans, the city, county, or town shall review and approve or disapprove the changed component located in the city, county, or town. A local unit of government that disapproves the change shall describe specific amendments to the plans that, if adopted, would cause the local unit to withdraw its disapproval. Failure to approve or disapprove the changed plans in writing within the time period is deemed to be approval, unless an extension is agreed to by the city, county, or town and the responsible authority.

(b) If the governing body of one or more cities, counties, or towns disapproves the changed plans within the period allowed under paragraph (a), the council shall review the final design plans under the same procedure and with the same effect as provided in subdivision 4 for preliminary design plans.

APPENDIX

Repealed Minnesota Statutes: 09-2085

Subd. 7. **Council review.** If the commissioner is the responsible authority, before proceeding with construction of a light rail transit facility, the commissioner must submit preliminary and final design plans to the Metropolitan Council. The council must review the plans for consistency with the council's development guide and approve the plans.

Subd. 8. **Metropolitan significance.** This section does not diminish or replace the authority of the council under section 473.173.

Subd. 9. **Light rail transit operating costs.** (a) Before submitting an application for federal assistance for light rail transit facilities in the metropolitan area, the Metropolitan Council must prepare an estimate of the amount of operating subsidy which will be required to operate light rail transit in the corridor to which the federal assistance would be applied. The estimate must indicate the amount of operating subsidy estimated to be required in each of the first ten years of operation of the light rail transit facility. If the commissioner of transportation is the responsible authority, the commissioner must provide information requested by the council that is necessary to make the estimate.

(b) The council must review and evaluate the estimate developed under paragraph (a) with regard to the effect of operating the light rail transit facility on the currently available mechanisms for financing transit in the metropolitan area.

Subd. 10. **Corridor Management Committee.** (a) The responsible authority must establish a Corridor Management Committee to advise the responsible authority in the design and construction of light rail transit in each corridor to be constructed. The Corridor Management Committee for each corridor shall consist of the following members:

(1) one member appointed by each city and county in which the corridor is located;

(2) the commissioner of transportation or a designee of the commissioner;

(3) two members appointed by the Metropolitan Council, one of whom shall be designated as the chair of the committee;

(4) one member appointed by the Metropolitan Airports Commission, if the designated corridor provides direct service to the Minneapolis-St. Paul International Airport; and

(5) one member appointed by the president of the University of Minnesota, if the designated corridor provides direct service to the university.

(b) The Corridor Management Committee shall advise the responsible authority on issues relating to environmental review, preliminary design, preliminary engineering, final design, implementation method, and construction of light rail transit in the corridor.

Subd. 14. **Transfer of facility after construction.** If the commissioner of transportation is the responsible authority for a particular light rail transit facility, the commissioner must transfer to the Metropolitan Council all facilities constructed and all equipment and property acquired in developing the facility upon completion of construction.

473.4461 ADDITIONS TO TRANSIT TAXING DISTRICT.

Notwithstanding any provision of section 473.446 or any other law, the Metropolitan Council may not levy a tax under section 473.446, subdivision 1, in any city or town not included in the transit taxing district as it existed on January 1, 2001, unless the council and the governing body of that city or town have agreed on a service expansion plan.

APPENDIX
Repealed Minnesota Session Laws: 09-2085

Laws 2008, chapter 152, article 6, section 8

Sec. 8. FUNDING FOR RAIL TRANSIT WAYS.

In order to accelerate the development of metropolitan area rail transit projects, reduce construction costs, provide transportation options, increase mobility, support economic growth, and meet environmental challenges, the Metropolitan Council shall initiate negotiations with the federal Transit Administration to secure federal funds for a single comprehensive program of rail transit way development, to include Rush Line, Red Rock, Southwest Corridor, and an extension of NorthStar commuter rail to St. Cloud.