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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

**EIGHTY-SIXTH  
SESSION**

**HOUSE FILE No. 1898**

March 19, 2009

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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 area public transit; modifying provisions related to local  
1.3 planning and development of transit and providing of financial assistance to  
1.4 public transit providers; amending Minnesota Statutes 2008, sections 473.382;  
1.5 473.384, subdivisions 1, 3, 4, 5; repealing Minnesota Statutes 2008, section  
1.6 473.384, subdivisions 6, 7; Laws 1997, chapter 159, article 2, section 4, as  
1.7 amended.

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

1.9 Section 1. Minnesota Statutes 2008, section 473.382, is amended to read:

1.10 **473.382 LOCAL PLANNING AND DEVELOPMENT PROGRAM.**

1.11 The council shall establish a program to ~~ensure~~ facilitate participation by  
1.12 representatives of local government units ~~and the coordination of~~ in the planning and  
1.13 development of transit ~~by local government units~~. The council shall encourage the  
1.14 establishment of local transit planning and development boards by local governments  
1.15 for the purpose of:

1.16 (a) ~~identifying transit~~ service needs and objectives; within their respective areas.

1.17 (b) ~~preparing, or advising and assisting local units of government in preparing the~~  
1.18 ~~transit study and service plan required by section 473.384;~~

1.19 (c) ~~preparing or advising the council in the review of applications for assistance~~  
1.20 ~~under section 473.384.~~

1.21 The council may provide local boards with whatever assistance it deems necessary  
1.22 and appropriate.

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

2.1 Sec. 2. Minnesota Statutes 2008, section 473.384, subdivision 1, is amended to read:

2.2 Subdivision 1. **Metropolitan area transit service; contracts required.** The council  
 2.3 ~~shall~~ may make contracts with eligible recipients for financial assistance to provide transit  
 2.4 service within the metropolitan area. The council may not give financial assistance to  
 2.5 another transit provider without first having executed a contract. The provisions of this  
 2.6 section do not apply to contracts made under sections 473.386 and 473.388.

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

2.10 Sec. 3. Minnesota Statutes 2008, section 473.384, subdivision 3, is amended to read:

2.11 Subd. 3. **Applications.** The council shall establish procedures and standards for  
 2.12 review and approval of applications for any financial assistance that may be provided  
 2.13 under this section. An applicant must provide the council with the financial and  
 2.14 other information the council requires to carry out its duties. ~~The council may specify~~  
 2.15 ~~procedures, including public hearing requirements, to be followed by applicants that~~  
 2.16 ~~are cities, towns, or counties or combinations thereof in conducting transit studies and~~  
 2.17 ~~formulating service plans under subdivisions 4 and 5.~~

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

2.21 Sec. 4. Minnesota Statutes 2008, section 473.384, subdivision 4, is amended to read:

2.22 Subd. 4. **Transit study.** The council ~~shall require that prior to applying for financial~~  
 2.23 ~~assistance by contract under clause (a) of subdivision 2, the applicant must prepare and~~  
 2.24 ~~submit a transit study which includes~~ must prepare, and periodically update, transit studies  
 2.25 for the metropolitan area that include the following elements:

2.26 (a) a determination of existing and future transit needs within the metropolitan area  
 2.27 ~~to be served~~, and an assessment of the adequacy of existing service to meet the needs;

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

2.29 (c) an assessment of existing and future resources available for the financing of  
 2.30 transit service; ~~and~~

2.31 (d) an assessment of the most cost-effective and efficient means of providing the  
 2.32 service; and

3.1 (e) the type or types of any new government arrangements or agreements needed to  
3.2 provide adequate service that may be useful in providing transit service in a cost-effective  
3.3 and efficient manner.

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

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

3.8 Sec. 5. Minnesota Statutes 2008, section 473.384, subdivision 5, is amended to read:

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

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

3.13 (b) an assessment of the extent to which the proposed service meets the needs as  
3.14 determined by the council's transit study;

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

3.17 (d) a description of the amount required to establish and operate the proposed service  
3.18 and the proposed sources of the required amount including operating revenue, other local  
3.19 sources, and assistance from the council and from federal sources;

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

3.21 (f) projections of usage of the system.

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

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

3.28 Sec. 6. **REPEALER.**

3.29 Minnesota Statutes 2008, section 473.384, subdivisions 6 and 7, and Laws 1997,  
3.30 chapter 159, article 2, section 4 as amended by Laws 2001, First Special Session chapter  
3.31 8, article 2, section 75, are repealed.

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

**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.

APPENDIX  
Repealed Minnesota Session Laws: 09-2492

*Laws 1997, chapter 159, article 2, section 4, as amended by Laws 2001, First Special Session chapter 8, article 2, section 75*

Sec. 75. Laws 1997, chapter 159, article 2, section 4, is amended to read:

Sec. 4. **PERFORMANCE-BASED FUNDING PROGRAM FOR CERTAIN PROVIDERS.**

Notwithstanding Minnesota Statutes, section 473.384, subdivision 6, regarding percentages of total operating costs to be subsidized by the metropolitan council, the metropolitan council may establish the appropriate percentage operating subsidy to be granted to individual recipients under the subdivision. The metropolitan council must establish the percentage annually, based on available transit funds and the council's determination of a reasonable subsidy per passenger trip in comparison to similar transit or paratransit service in the metropolitan area. The council may provide a subsidy up to 100 percent of a recipient's operating costs for all or any portion of the transit or paratransit service and may require recipients to pay up to 41.5 percent of their own operating costs for all or any portion of the service.