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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 3718

02/24/2022

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

1.1 A bill for an act

1.2 relating to transit; taxes; providing for universal transit mobility implementation;

1.3 amending various requirements governing transit in the metropolitan area; amending

1.4 certain comprehensive planning requirements; authorizing certain property tax

1.5 levies; authorizing sale and issuance of bonds; amending allocation requirements

1.6 for the county transportation sales and use tax; amending Minnesota Statutes 2020,

1.7 sections 297A.993, by adding a subdivision; 473.121, by adding a subdivision;

1.8 473.13, subdivision 1; 473.146, subdivision 3; 473.175, subdivision 1; 473.371,

1.9 subdivision 2; 473.375, by adding a subdivision; 473.39, by adding a subdivision;

1.10 473.391, subdivision 2; 473.446, subdivision 1; 473.859, subdivision 1; Minnesota

1.11 Statutes 2021 Supplement, section 297A.993, subdivision 2; proposing coding for

1.12 new law in Minnesota Statutes, chapter 473.

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

1.14 Section 1. Minnesota Statutes 2021 Supplement, section 297A.993, subdivision 2, is

1.15 amended to read:

1.16 Subd. 2. **Allocation; termination.** (a) The proceeds of the taxes must be dedicated

1.17 exclusively to: (1) payment of the capital cost of a specific transportation project or

1.18 improvement; (2) payment of the costs, which may include both capital and operating costs,

1.19 of a specific transit project or improvement; (3) payment of the capital costs of a safe routes

1.20 to school program under section 174.40; (4) payment of transit operating costs; ~~or~~ (5)

1.21 payment of the capital cost of constructing buildings and other facilities for maintaining

1.22 transportation or transit projects or improvements; or (6) allocation as provided in paragraph

1.23 (b). The transportation or transit project or improvement must be designated by the board

1.24 of the county, or more than one county acting under a joint powers agreement.

1.25 (b) A county that contains any portion of the transit taxing district, as determined under

1.26 sections 473.446 and 473.4461, must distribute any available proceeds to the Metropolitan

2.1 Council for universal transit mobility implementation as provided under section 473.378.  
 2.2 For purposes of this paragraph, "available proceeds" means the proceeds of the taxes imposed  
 2.3 by the county under this section, less (1) any annual amount necessary to pay debt service  
 2.4 on bonds, notes, or other obligations issued under subdivision 4, and (2) any amount allocated  
 2.5 to a transit project or transit operations that is in conformance with universal transit mobility  
 2.6 implementation, as determined by the Metropolitan Council.

2.7 (c) Except for taxes for operating costs of a transit project or improvement, or for transit  
 2.8 operations, the taxes must terminate when revenues raised are sufficient to finance the  
 2.9 project. Nothing in this subdivision prohibits the exclusive dedication of the proceeds of  
 2.10 the taxes to payments for more than one project or improvement. After a public hearing a  
 2.11 county may, by resolution, dedicate the proceeds of the tax for a new enumerated project.

2.12 **EFFECTIVE DATE.** This section is effective January 1, 2023, and applies for taxes  
 2.13 collected on or after that date.

2.14 Sec. 2. Minnesota Statutes 2020, section 297A.993, is amended by adding a subdivision  
 2.15 to read:

2.16 Subd. 5. **Limitation.** On or after the effective date of this section, a county that contains  
 2.17 any portion of the transit taxing district, as determined under sections 473.446 and 473.4461,  
 2.18 may only exercise the authority under subdivision 4 following a resolution adopted by the  
 2.19 Metropolitan Council that specifically authorizes the action.

2.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.21 Sec. 3. Minnesota Statutes 2020, section 473.121, is amended by adding a subdivision to  
 2.22 read:

2.23 Subd. 37. **Universal transit mobility.** "Universal transit mobility" means a public  
 2.24 transportation service structure that enables any person who is within the transit taxing  
 2.25 district to reach any other location within the transit taxing district in a reasonable amount  
 2.26 of time using the public transit system. For purposes of this subdivision, "transit taxing  
 2.27 district" means the geographic area established under sections 473.446 and 473.4461.

2.28 **APPLICATION.** This section applies in the counties of Anoka, Carver, Dakota,  
 2.29 Hennepin, Ramsey, Scott, and Washington.

3.1 Sec. 4. Minnesota Statutes 2020, section 473.13, subdivision 1, is amended to read:

3.2 Subdivision 1. **Budget.** (a) On or before December 20 of each year, the council shall  
3.3 adopt a final budget covering its anticipated receipts and disbursements for the ensuing year  
3.4 and shall decide upon the total amount necessary to be raised from ad valorem tax levies  
3.5 to meet its budget. The budget shall state in detail the expenditures for each program to be  
3.6 undertaken, including the expenses for salaries, consultant services, overhead, travel, printing,  
3.7 and other items. The budget shall state in detail the capital expenditures of the council for  
3.8 the budget year, based on a five-year capital program adopted by the council and transmitted  
3.9 to the legislature. After adoption of the budget and no later than five working days after  
3.10 December 20, the council shall certify to the auditor of each metropolitan county the share  
3.11 of the tax to be levied within that county, which must be an amount bearing the same  
3.12 proportion to the total levy agreed on by the council as the net tax capacity of the county  
3.13 bears to the net tax capacity of the metropolitan area. The maximum amount of any levy  
3.14 made for the purpose of this chapter may not exceed the limits set by the statute authorizing  
3.15 the levy.

3.16 (b) Each even-numbered year the council shall prepare for its transit programs a financial  
3.17 plan for the succeeding three calendar years, in half-year segments. The financial plan must  
3.18 contain schedules of user charges and any changes in user charges planned or anticipated  
3.19 by the council during the period of the plan. The financial plan must contain a proposed  
3.20 request for state financial assistance for the succeeding biennium.

3.21 (c) In addition, the budget must show for each year:

3.22 (1) the estimated operating revenues from all sources including funds on hand at the  
3.23 beginning of the year, and estimated expenditures for costs of operation, administration,  
3.24 maintenance, and debt service;

3.25 (2) capital improvement funds estimated to be on hand at the beginning of the year and  
3.26 estimated to be received during the year from all sources and estimated cost of capital  
3.27 improvements to be paid out or expended during the year, all in such detail and form as the  
3.28 council may prescribe; ~~and~~

3.29 (3) the estimated source and use of pass-through funds; and

3.30 (4) a subcategory breakout of operating revenues and operating and capital expenditures  
3.31 for universal transit mobility implementation under section 473.378.

3.32 **APPLICATION.** This section applies in the counties of Anoka, Carver, Dakota,  
3.33 Hennepin, Ramsey, Scott, and Washington.

4.1 Sec. 5. Minnesota Statutes 2020, section 473.146, subdivision 3, is amended to read:

4.2 Subd. 3. ~~Development guide; Transportation policy plan.~~ (a) The transportation  
 4.3 ~~chapter policy plan~~ must:

4.4 (1) include policies relating to all transportation forms and;

4.5 (2) be designed to promote the legislative determinations, policies, and goals set forth  
 4.6 in section 473.371; and

4.7 (3) incorporate universal transit mobility implementation as provided under section  
 4.8 473.378.

4.9 (b) In addition to the requirements of subdivision 1 regarding the contents of the policy  
 4.10 plan, the nontransit ~~element~~ components of the transportation ~~chapter~~ policy plan must  
 4.11 include the following:

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

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

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

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

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

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

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

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

4.29 (c) The council shall develop the nontransit ~~element~~ components under paragraph (b)  
 4.30 in consultation with the transportation advisory board and the Metropolitan Airports  
 4.31 Commission and cities having an airport located within or adjacent to its corporate

5.1 boundaries. The council shall also take into consideration the airport development and  
 5.2 operations plans and activities of the commission. The council shall transmit the results to  
 5.3 the state Department of Transportation.

5.4 APPLICATION. This section applies in the counties of Anoka, Carver, Dakota,  
 5.5 Hennepin, Ramsey, Scott, and Washington.

5.6 Sec. 6. Minnesota Statutes 2020, section 473.175, subdivision 1, is amended to read:

5.7 Subdivision 1. **For compatibility, conformity.** The council shall review the  
 5.8 comprehensive plans of local governmental units, prepared and submitted pursuant to  
 5.9 sections 473.851 to 473.871, to determine their compatibility with each other and conformity  
 5.10 with metropolitan system plans. The council shall review and comment on the apparent  
 5.11 consistency of the comprehensive plans with adopted plans of the council. The council must  
 5.12 also review and comment on the viability of recommendations contained in a comprehensive  
 5.13 plan under section 473.859, subdivision 1, paragraph (c), and whether such recommendations  
 5.14 will be further considered and implemented by the council to achieve universal transit  
 5.15 mobility. The council may require a local governmental unit to modify any comprehensive  
 5.16 plan or part thereof if, upon the adoption of findings and a resolution, the council concludes  
 5.17 that the plan is more likely than not to have a substantial impact on or contain a substantial  
 5.18 departure from metropolitan system plans. A local unit of government may challenge a  
 5.19 council action under this subdivision by following the procedures set forth in section 473.866.

5.20 APPLICATION. This section applies in the counties of Anoka, Carver, Dakota,  
 5.21 Hennepin, Ramsey, Scott, and Washington.

5.22 Sec. 7. Minnesota Statutes 2020, section 473.371, subdivision 2, is amended to read:

5.23 Subd. 2. **Goals.** The goals of sections 473.371 to ~~473.449~~ 473.452 are as follows to:

5.24 ~~(a) to~~ (1) provide, to the greatest feasible extent, a basic level of mobility for all people  
 5.25 in the metropolitan area and an essential public service for people in the metropolitan area  
 5.26 who are unable to reasonably arrange transportation by other modes;

5.27 ~~(b) to~~ (2) arrange to the greatest feasible extent for the provision of a comprehensive set  
 5.28 of transit and paratransit services to meet the needs of all people in the metropolitan area;

5.29 ~~(c) to~~ (3) cooperate with private and public transit providers to assure the most efficient  
 5.30 and coordinated use of existing and planned transit resources; ~~and~~

5.31 ~~(d) to~~ (4) maintain public mobility in the event of emergencies or energy shortages;

- 6.1 (5) reduce the number of passenger vehicles on streets and highways;
- 6.2 (6) reduce the number of injuries and fatalities related to motor vehicles;
- 6.3 (7) reduce emissions that are harmful to public health and the environment, including  
6.4 reduction in greenhouse gas emissions and particulates;
- 6.5 (8) contribute to social equity throughout the metropolitan area and across social and  
6.6 economic boundaries;
- 6.7 (9) increase access to jobs and services throughout the metropolitan area;
- 6.8 (10) support and promote economic development; and
- 6.9 (11) enhance competitiveness with peer regions throughout the United States.

6.10 **APPLICATION.** This section applies in the counties of Anoka, Carver, Dakota,  
6.11 Hennepin, Ramsey, Scott, and Washington.

6.12 Sec. 8. Minnesota Statutes 2020, section 473.375, is amended by adding a subdivision to  
6.13 read:

6.14 Subd. 1a. **General powers and responsibility.** Subject to the requirements of this  
6.15 chapter, the council is responsible for planning, developing, constructing, operating, and  
6.16 maintaining transit service and transit facilities in the metropolitan area.

6.17 **APPLICATION.** This section applies in the counties of Anoka, Carver, Dakota,  
6.18 Hennepin, Ramsey, Scott, and Washington.

6.19 Sec. 9. **[473.378] TRANSIT SYSTEM DESIGN.**

6.20 Subdivision 1. **Universal transit mobility 2050 goal.** The council must implement a  
6.21 transit system design that includes a goal of obtaining full universal transit mobility by  
6.22 2050.

6.23 Subd. 2. **Standards.** The council must adopt standards for universal transit mobility that  
6.24 include:

- 6.25 (1) system design or operating standards that address distances between transit stations,  
6.26 bus stops, and other passenger facilities; average route speeds; capacity; and scalability;
- 6.27 (2) policies and procedures that address administrative and operational cybersecurity;
- 6.28 (3) performance measures to evaluate progress and the achievement of full  
6.29 implementation; and

7.1 (4) evaluations based on transit service availability, frequency, capacity, distance, and  
 7.2 safety.

7.3 Subd. 3. **Implementation requirements.** In implementing universal transit mobility,  
 7.4 the council must:

7.5 (1) undertake a general transit system redesign that is not a hub-and-spoke transit service  
 7.6 model primarily focused on the central business districts in Minneapolis and St. Paul;

7.7 (2) by ....., adopt a system redesign plan that identifies changes and additions to transit  
 7.8 service modes, routes, networks, and facilities that are necessary to achieve universal transit  
 7.9 mobility, including as appropriate an integrated network of commuter rail, light rail transit,  
 7.10 highway and arterial bus rapid transit, express or commuter bus, dedicated busways, regular  
 7.11 route bus, park-and-ride facilities, and associated facilities;

7.12 (3) address transit system scalability and durability in a manner that accounts for  
 7.13 long-term growth and development of cities and counties in the metropolitan area;

7.14 (4) identify methods to provide first-mile and last-mile mobility improvements, which  
 7.15 must include consideration and evaluation of:

7.16 (i) impediments to pedestrian access to transit stations, transit shelters, and stops in  
 7.17 inclement weather;

7.18 (ii) door-to-door access to destinations for persons with disabilities and persons with  
 7.19 limited physical mobility; and

7.20 (iii) integration of transit stops and stations with alternative forms of transportation,  
 7.21 including rideshare, active transportation modes, and autonomous vehicles;

7.22 (5) coordinate and integrate transit service with social and mental health services provided  
 7.23 by counties, cities, and private entities;

7.24 (6) account for opportunities to support mixed-use and transit-oriented development;

7.25 (7) account for opportunities to perform advanced acquisition of rights-of-way and  
 7.26 property;

7.27 (8) seek to maximize receipt of federal funds; and

7.28 (9) ensure regional balance in transit investment and service levels in a manner that first  
 7.29 prioritizes balance between the eastern and western regions of the metropolitan area and  
 7.30 next prioritizes balance between northern and southern regions of the metropolitan area.

8.1 Subd. 4. Stakeholder process. The council must incorporate a stakeholder process for  
 8.2 universal transit mobility that includes:

8.3 (1) holding hearings and gathering input from the general public;

8.4 (2) seeking and evaluating input from state agencies, counties, cities, and other political  
 8.5 subdivisions;

8.6 (3) pursuing consensus-oriented dispute resolution with and among affected local units  
 8.7 of government regarding universal transit mobility projects; and

8.8 (4) studying and reporting on the implementation process and status.

8.9 APPLICATION. This section applies in the counties of Anoka, Carver, Dakota,  
 8.10 Hennepin, Ramsey, Scott, and Washington.

8.11 Sec. 10. Minnesota Statutes 2020, section 473.39, is amended by adding a subdivision to  
 8.12 read:

8.13 Subd. 1x. Obligations; universal transit mobility. In addition to other authority in this  
 8.14 section, the council may issue certificates of indebtedness, bonds, or other obligations under  
 8.15 this section in an amount not exceeding \$..... annually for capital expenditures to implement  
 8.16 universal transit mobility under section 473.378 and for related costs, including the costs  
 8.17 of issuance and sale of the obligations. The authority to issue certificates of indebtedness,  
 8.18 bonds, or other obligations under this subdivision expires December 31, 2042.

8.19 APPLICATION. This section applies in the counties of Anoka, Carver, Dakota,  
 8.20 Hennepin, Ramsey, Scott, and Washington.

8.21 Sec. 11. Minnesota Statutes 2020, section 473.391, subdivision 2, is amended to read:

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

8.24 (1) the level of subsidy per passenger on each route;

8.25 (2) the availability and proximity of alternative transit routes; and

8.26 (3) the percentage of transit dependent riders, including youth, elderly, low-income, and  
 8.27 disabled riders currently using each route; and

8.28 (4) alignment with implementation of universal transit mobility under this section.

8.29 APPLICATION. This section applies in the counties of Anoka, Carver, Dakota,  
 8.30 Hennepin, Ramsey, Scott, and Washington.

9.1 Sec. 12. Minnesota Statutes 2020, section 473.446, subdivision 1, is amended to read:

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

9.6 (1) an amount necessary to provide full and timely payment of certificates of indebtedness,  
9.7 bonds, including refunding bonds or other obligations issued or to be issued under section  
9.8 473.39 by the council for purposes of acquisition and betterment of property and other  
9.9 improvements of a capital nature and to which the council has specifically pledged tax levies  
9.10 under this clause; ~~and~~

9.11 (2) an additional amount necessary to provide full and timely payment of certificates of  
9.12 indebtedness issued by the council, after consultation with the commissioner of management  
9.13 and budget, if revenues to the metropolitan area transit fund in the fiscal year in which the  
9.14 indebtedness is issued increase over those revenues in the previous fiscal year by a percentage  
9.15 less than the percentage increase for the same period in the revised Consumer Price Index  
9.16 for all urban consumers for the St. Paul-Minneapolis metropolitan area prepared by the  
9.17 United States Department of Labor; and

9.18 (3) an amount necessary to ensure revenue is no less than expenditures as specified in  
9.19 the budget subcategory for universal transit mobility under section 473.13, subdivision 1,  
9.20 paragraph (c), clause (4).

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

9.28 (c) The amount under paragraph (a), clause (3), must not exceed \$..... for taxes payable  
9.29 in 2023, and in subsequent years must not exceed (1) the tax levy limitation under this  
9.30 paragraph for the previous year, multiplied by (2) one plus a percentage equal to the growth  
9.31 in the implicit price deflator as defined in section 275.70, subdivision 2.

9.32 **APPLICATION.** This section applies in the counties of Anoka, Carver, Dakota,  
9.33 Hennepin, Ramsey, Scott, and Washington.

10.1 Sec. 13. Minnesota Statutes 2020, section 473.859, subdivision 1, is amended to read:

10.2 Subdivision 1. **Contents.** (a) The comprehensive plan shall contain objectives, policies,  
10.3 standards and programs to guide public and private land use, development, redevelopment  
10.4 and preservation for all lands and waters within the jurisdiction of the local governmental  
10.5 unit through 1990 and may extend through any year thereafter which is evenly divisible by  
10.6 five. Each plan shall specify expected industrial and commercial development, planned  
10.7 population distribution, and local public facility capacities upon which the plan is based.  
10.8 Each plan shall contain a discussion of the use of the public facilities specified in the  
10.9 metropolitan system statement and the effect of the plan on adjacent local governmental  
10.10 units and affected school districts. Existing plans and official controls may be used in whole  
10.11 or in part following modification, as necessary, to satisfy the requirements of sections  
10.12 462.355, 473.175, and 473.851 to 473.871. Each plan may contain an intergovernmental  
10.13 coordination element that describes how its planned land uses and urban services affect  
10.14 other communities, adjacent local government units, the region, and the state, and that  
10.15 includes guidelines for joint planning and decision making with other communities, school  
10.16 districts, and other jurisdictions for siting public schools, building public facilities, and  
10.17 sharing public services.

10.18 (b) Each plan may contain an economic development element that identifies types of  
10.19 mixed use development, expansion facilities for businesses, and methods for developing a  
10.20 balanced and stable economic base.

10.21 (c) The comprehensive plan must include recommendations regarding mobility and  
10.22 transportation improvements to further the policy and goals under section 473.371 within  
10.23 the jurisdiction of the local governmental unit and the metropolitan area generally.

10.24 (d) The comprehensive plan may contain any additional matter which may be included  
10.25 in a comprehensive plan of the local governmental unit pursuant to the applicable planning  
10.26 statute.

10.27 **APPLICATION.** This section applies in the counties of Anoka, Carver, Dakota,  
10.28 Hennepin, Ramsey, Scott, and Washington.

10.29 Sec. 14. **REVISOR INSTRUCTION.**

10.30 The revisor of statutes must recodify (1) Minnesota Statutes, section 473.391, subdivision  
10.31 1, as Minnesota Statutes, section 473.384, subdivision 10, and (2) Minnesota Statutes,  
10.32 section 473.391, subdivision 2, as Minnesota Statutes, section 473.378, subdivision 5. The  
10.33 revisor must correct any cross-references made necessary by this recodification.