

HF4111 - 0 - Unified Comprehensive Transit Established

Chief Author: **Jon Koznick**
 Committee: **Transportation Finance and Policy**
 Date Completed: **3/11/2026 9:31:02 AM**
 Lead Agency: **Metropolitan Council**
 Other Agencies:
 Secretary of State Transportation Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Metropolitan Council						
General Fund	-	-	-	(241)	(482)	
State Total						
General Fund	-	-	-	(241)	(482)	
	Total	-	-	-	(241)	(482)
	Biennial Total			-		(723)

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Metropolitan Council						
General Fund	-	-	-	-	-	-
	Total	-	-	-	-	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Laura Cecko **Date:** 3/11/2026 9:31:02 AM
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State Cost (Savings) Calculation Details

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*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
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Metropolitan Council						
General Fund		-	-	-	(241)	(482)
Total		-	-	-	(241)	(482)
Biennial Total				-		(723)
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Metropolitan Council						
General Fund		-	-	-	(241)	(482)
Total		-	-	-	(241)	(482)
Biennial Total				-		(723)
2 - Revenues, Transfers In*						
Metropolitan Council						
General Fund		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

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Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

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Total	-	-	-	(241)	(482)	
Biennial Total						(723)

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

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Total	-	-	-	(241)	(482)	
Biennial Total			-		(723)	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-		-	

Bill Description

Sec. 1-3 The bill establishes the Metropolitan Council as the exclusive operator of public transportation in the twin cities region (except for the University of Minnesota), and ends authority under the replacement service program established in Minnesota Statutes section 473.388 effective July 1, 2027.

Sec 4. The bill requires an implementation plan for the provisions of sections 1-3 by February 1, 2027 and requires the Metropolitan Council to convene a task force to advise and recommend elements and considerations of this plan.

Sec 5. The bill requires a bus service enhancement study by February 1, 2028.

Assumptions

The primary effect of the bill is to consolidate transit service beginning SFY28. Significant evaluation of financial information, contracts, job descriptions, and other data will inform refined fiscal impact estimates as a product of the Implementation Plan required under Section 4 of the bill.

The bill prohibits local government from expending funds for direct operation of transit service, except under agreement with the Council. The Council does not anticipate specific agreements with local governments. Instead, the Council would continue to work collaboratively with communities to plan and operate transit routes that meet local and regional needs.

In this review, the Council assumes Minnesota Statutes Sections 473.415 or 473.416 relating to worker protections would apply to the bill's action, and nonsupervisory staff employed in acquired systems would continue as Council employees as well as other obligations. The Council assumes as Council employees, nonsupervisory staff of current joint powers boards would continue current duties as necessary or revise duties into current vacancies or budgeted future positions in other Council departments. As such, absorbing current employees into these positions would not have a fiscal impact.

As a preliminary estimate, the Council estimated comparative costs to deliver transit services as required in the bill. Instead of passing funds through to replacement service municipalities under 473.388 based on state statute and Council policy, the Council would instead operate these services. As directed in the bill, the Council assumes continuing these services' delivery as purchased transportation (contracted transit) services. No net change in expenditure or revenue anticipated in aggregate to transit funds from this change, but efficiencies from consolidation would result in cost savings.

The difference between current passthrough funds and Council contracted operation is the basis of comparison in this review, with an allowance for ongoing services not typically included in Council rates or overhead such as facility

maintenance. The Council completed this by evaluating actual costs per in-service hour for replacement service municipalities in 2024 (latest available) compared to comparable contracted service hours delivered by the Council. To validate cost differences, review of operating budgets identified areas of difference and potential reduction/savings including information technology, human resources, marketing, planning, administrative or executive officers. Per 473.415-473.416, nonmanagerial roles are assumed to be absorbed into vacant or budgeted Council roles as described above.

The Council also evaluated costs of high-subsidy transit services as established in Laws 2025, First Special Session chapter 8, article 2, section 120. This evaluation relates to both ongoing operating costs and to one-time capital savings. The region's 2050 Transportation Policy Plan includes regional performance guidelines to help deliver cost-effective transit services. Routes are compared with their peers and peer averages are used as the basis for guidance. Routes operating with subsidies higher than 20-35% above peer route average should have minor modifications. Routes with 35-60% higher subsidies than peer route averages should have major changes following intense review. Routes operating at more than 60% above peer route averages should be restructured or eliminated. As an example, suburban local service in 2024 averaged \$37.05 per-passenger subsidies. Therefore, routes with per-passenger subsidies above \$59.28 (60% higher than peer route average) should be restructured or eliminated under regional guidance.

Section 4 Subd. 3 requires an implementation plan that maintains "substantially similar" service and this section notes this continuation may exclude high-subsidy bus routes as recently reported per Laws 2025 Chapter 8 article 2, section 120 "High Subsidy Transit Route Analysis". In estimating the costs of Sections 1-3, the fiscal note assumes restructuring/elimination of high subsidy route service resulting in a net 90% reduction in subsidy on these routes. Minor revisions are assumed to other routes operating above per-passenger guidance but assumed savings are more modest at 15% of those routes' actual 2024 subsidies. This provides for substantially similar service but addresses subsidies not aligned to regional performance guidelines.

The Council's analysis considers changes to service levels as specified in the bill in suburban areas and redeploys equivalent contracted service to replace directly operated service in the Council's service area. These combined actions are expected to resolve all 2024 high subsidy service in the region as reported in the recent High Subsidy analysis. Smaller revisions are applied to suburban services that operate above guidelines for per-passenger subsidy.

One-time capital savings are based on estimates in the High Subsidy Transit Route Analysis recently reported to the legislature. This amount corresponds to routes operating at the highest tier of per-passenger subsidy (60% higher than peer route averages). The savings are based on 28, 30-foot local buses and 8, 40-foot buses. The replacement cost of these buses is \$29,791,416. Because the routes would be eliminated, it would not be necessary to replace these vehicles in coming years. The 36 buses are around 5 percent of the region's regular route bus fleet.

The Council estimated effects of Metro Mobility services in areas around high-subsidy bus services in affected areas and a potential level of minor state general fund savings in that program would result from service changes in high subsidy routes. . In 2024 \$5.2 million of Metro Mobility trips were in the federally mandated service area around high-subsidy bus routes identified for reduction above. These trips would shift from the federally mandated to state mandated area, which enables flexibility for providers to work with customers on scheduling trip times. Around 37% of trips occur in afternoon hours when Metro Mobility is busiest. If 25% of those trips shifted to off-peak hours when service capacity already exists, it reduces the need for additional peak operators that federal paratransit requires. This change (\$5.2M x 37% x 25%) represents \$481,000 annually.

The Council adjusts Metro Mobility federally mandated service area periodically to ensure compliance with federal requirements. Expansions occur promptly, and reductions occur following a process of notifying customers and planning for transition. This process begins after regular route changes take effect, and takes up to six months. The review assumes after regular route reductions begin July 1, 2027 the Metro Mobility area change process would initiate, and take effect in early 2028. Thus, partial year savings are assumed for SFY28 and full year thereafter.

This savings is the only net change in the bill, reflected as an expected reduction beginning in the middle of FY28. Metro Mobility service area changes follow a public process that would begin in July 2027 and take effect in January 2028; the bill reflects a partial year savings in FY28 and full year savings beginning FY29.

Expenditure and/or Revenue Formula

Operating Savings:

Suburban Transit \$184.08 actual 2024 cost/in-service hour * 268,005 hours = \$49,335,286 actual costs

Council actual $\$138.33 \times 268,005$ hours replaced = $\$37,073,030$ cost for Council-provided service/overhead

+\$4,000,000 estimated for additional services not typically in Council rates or overhead This estimate is based on review of provider budgets. The SW Transit facilities budget includes around \$1 million of salaries and benefits for staff, and various supplies, materials, and professional services. Similar positions exist within the MVTA organization chart (2024 CAFR). From limited information in these sources the Council anticipates \$4 million pending the detailed work of the implementation task force in Section 4.

$\$37,073,030 + \$4,000,000 - \$49,335,286 = \$8,262,255$ savings as a result of provider change (16.7% reduction)

High Subsidy bus revisions:

Minor revisions to regular route service above per-passenger subsidy guidelines $\$4,826,234$ (x15% reduction) $\$723,935$

Minor revisions to micro transit service above per-passenger subsidy guidelines $\$9,334,221$ (x15% reduction) $\$1,400,133$

Restructured/eliminate highest tier high-subsidy bus routes $\$8,362,924$ (x90% reduction) = $\$7,526,632$ savings

$\$723,935 + \$1,400,133 + \$7,526,632 = \$9,650,700$ decreased 16.7% (reflecting provider change above) = $\$8,039,033$ savings

Revision to Metropolitan Council route service providers:

Redeploy reduced suburban service contracted providers to address Council high-subsidy bus routes by changing provider from directly operated ($\$336.20/\text{hr}$) to contracted service ($\$123.2/\text{hr}$) on 34,560 hours of high-subsidy regular route service. $34,560 \text{ hrs} \times \$213/\text{hr}$ saved = $\$7,361,299$

Metro Mobility cost reductions:

Metro Mobility costs near reduced high-subsidy bus routes in 2024: $\$5,202,996 \times 37\%$ of trips in peak hours subject to rescheduling * 25% rescheduled = $\$481,277$

Capital Cost reductions and transition costs:

$\$29,791,416$ reduced cost of replaced buses for services restructured/eliminated - $\$5,000,000$ estimated transition costs including temporary staffing, fees, services, and other transition costs = $\$24,791,416$ one-time savings

Combined savings

$\$8,262,255$ provider change + $\$8,039,033$ provider revisions + $\$7,361,299$ Council revisions + $\$481,277$ Metro Mobility = $\$24,143,864$ annual operating savings; $\$24,791,416$ one-time savings

Of these changes, only Metro Mobility is a net impact to the Council with reduced expenditures and reduced state funding of $\$481,277$ annually. Other sources and uses are unchanged within the Council, though savings would be applied to other transit capital or operating expenditures.

Long-Term Fiscal Considerations

Recurring savings to the State's General Fund.

Local Fiscal Impact

Funds currently passed through to replacement service municipalities (cities and cities organized into joint powers board providers) would no longer receive funds from Metropolitan Council, which would expend these funds on services in these communities.

References/Sources

<https://www.house.mn.gov/comm/docs/RwGI2qecrkOE88wDD44iwQ.pdf>

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Chief Author: **Jon Koznick**
 Committee: **Transportation Finance and Policy**
 Date Completed: **3/11/2026 9:31:02 AM**
 Agency: **Secretary of State**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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Total	-	-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

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Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill would create a Transit Consolidation Task Force to advise the Metropolitan Council on the implementation process for unified transit in the metropolitan area. Lines 4.19 through 5.28 establish the membership, meeting schedule, and duties of the task force.

Assumptions

Minnesota Statutes sections 15.0597 and 15.0599 require the secretary of state to publish notices of vacancies, collect applications assist with appointments, and prepare reports on multimember agencies. As part of this process, the Office of the Secretary of State consults with all multimember agencies on their reporting and appointment requirements.

The Office of the Secretary of State assumes that whenever a new multimember agency is created, work is required by public records staff to set the agency up on the secretary’s website and to train the agency staff on how to appoint members to their agency. There is also some staff time spent consulting periodically with multimember agencies throughout the year.

Expenditure and/or Revenue Formula

Board Set-up and Consultation

8 hours of OSS Public Records staff time per new board at an average rate of salary and benefits of \$46.01/hour.

$$\$46.01 \times 8 = \$368.08.$$

Total \$368.08 (FY27)

The Secretary of State is able to absorb the costs identified on a one-off basis, but as more councils, boards, commissions are created each year by the legislature, the Office’s capacity to assist all entities in a timely manner will diminish and additional funding may be required. These activities are not anticipated to displace any other work of the office.

Long-Term Fiscal Considerations

None.

Local Fiscal Impact

N/A

References/Sources

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Chief Author: **Jon Koznick**
 Committee: **Transportation Finance and Policy**
 Date Completed: **3/11/2026 9:31:02 AM**
 Agency: **Transportation Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

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Biennial Total				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Laura Cecko **Date:** 3/10/2026 2:52:27 PM
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Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

Among other items, the bill would create a Transit Consolidation Task Force, with membership including the Commissioner of MnDOT or a designee.

Assumptions

Number of meetings: The first meeting of the task force must be no later than September 15, 2026, and meetings are “at least monthly,” but as frequently “as necessary.” With a report due February 1, 2027 and the task force officially expiring July 1, 2027, MnDOT assumes a minimum of five meetings, but six or seven is more likely. Each meeting will likely take an average of 1.5 hours.

MnDOT membership: Due to this task force focusing on transit consolidation in the metro area, MnDOT assumes the agency's member would be the District Engineer for MnDOT Metro District.

Expenditure and/or Revenue Formula

Staff time for attending monthly meetings and preparation outside of those meetings. We would anticipate the cost to the department to be roughly 1.5x the duration of these meetings at the District Engineer’s hourly salary.

$$\text{Staffing costs} = 85.80 \text{ (hourly wage)} * 1.5 \text{ (\# of hours)} * 1.5 \text{ (overhead)} * 7 \text{ (\# of meetings)} = \$1,351.35$$

MnDOT assumes these costs are negligible and will be absorbed by the agency.

Long-Term Fiscal Considerations

None

Local Fiscal Impact

Membership in task force: Members representing metro area cities and counties are to be appointed by the Suburban Transit Association, Association of Metropolitan Municipalities, Association of Minnesota Counties, Transportation Advisory Board, and Transportation Accessibility Advisory Committee by August 15, 2026.

References/Sources

MnDOT Metro District

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