

HF2930 - 0 - "Light Rail Transit Operating Costs"

Chief Author: **Linda Runbeck**
 Committee: **Transportation Policy and Finance**
 Date Completed: **03/29/2016**
 Agency: **Metropolitan Council**

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		FY2015	FY2016	FY2017	FY2018	FY2019
General Fund		-	-	(5,960)	(12,752)	(13,532)
Total		-	-	(5,960)	(12,752)	(13,532)
Biennial Total				(5,960)		(26,284)

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2015	FY2016	FY2017	FY2018	FY2019
General Fund		-	-	-	-	-
Total		-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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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.

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

State Cost (Savings) = 1-2		Biennium			Biennium
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018
					FY2019
General Fund	-	-	(5,960)	(12,752)	(13,532)
Total	-	-	(5,960)	(12,752)	(13,532)
Biennial Total			(5,960)		(26,284)
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	(5,960)	(12,752)	(13,532)
Total	-	-	(5,960)	(12,752)	(13,532)
Biennial Total			(5,960)		(26,284)
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

HF2930 changes the sources of funding for light rail operating and maintenance costs.

Section 1 amends Minnesota Statutes 2014, Section 398A.10, Subdivision 2 to read that 1) a county regional railroad authority is subject to the funding requirements under Section 2 for light rail transit and 2) a county regional railroad authority may contribute funds to pay the operating and maintenance costs for commuter rail projects.

Section 2 amends Minnesota Statutes 2014, Section 473.4051, Subdivision 2 so that operating and maintenance costs for light rail transit, after deducting fare revenue and federal grant revenues, are paid from the following sources

1. 25 percent from state sources;
2. 25 percent from one or more regional railroad authorities; and
3. 50 percent as determined by the Metropolitan Council, from sources other than as specified in clauses (1) and (2).

This language is a change from current law, which stated that after deducting fare revenues and federal grant revenues, 50 percent of the remaining operating costs for light rail must be paid by the state. The change is effective on January 1, 2017, halfway through state fiscal year 2017.

Section 2 also defines state sources as including but not limited to general fund appropriations and revenues from the metropolitan area transit account under Section 16A.88 (Motor Vehicle Sales Tax revenues)

Assumptions

The fiscal impacts summarized above are based on the following assumptions:

1. That the Council continues to receive state general fund appropriations to meet the state requirement commitment for light rail transit operating and maintenance costs;
2. That the Council continues to receive revenues from the Counties Transportation Improvements Board (CTIB) to cover 50 percent of the operating and maintenance costs for light rail transit, after deducting fare revenue and federal revenue; and

3. County regional railroad authority (RRA) do not contribute funds to pay the operating and maintenance costs for commuter rail projects.

Expenditure and/or Revenue Formula

\$ thousands	SFY 2016	SFY 2017	SFY 2018	SFY 2019
Current Funding:				
State General Fund	\$22,856	\$23,840	\$25,504	\$27,064
CTIB	22,856	23,840	25,504	27,064
Total	45,712	47,680	51,008	54,128
Funding under HF2930:				
State General Fund	22,856	17,880	12,752	13,532
Regional Railroad Authorities	0	5,960	12,752	13,532
CTIB	22,856	23,840	25,504	27,064
Total	45,712	47,680	51,008	54,128
Change in Funding:				
State General Fund	0	(5,960)	(12,752)	(13,532)
Regional Railroad Authorities	0	5,960	12,752	13,532

Long-Term Fiscal Considerations

The fiscal impact of this bill would continue beyond state fiscal year 2020. Additional light rail transit operations (Green Line and Blue Line extensions) would increase the funding requirements for all funding partners beyond the amounts shown in the fiscal note.

Local Fiscal Impact

The proposed legislation has a fiscal impact on the Regional Railroad Authorities in Hennepin County and Ramsey County, where current light rail transit service is operated. The funding requirement would start on January 1, 2017 and is summarized above.

References/Sources

Metropolitan Council projections of light rail transit operating and maintenance costs, fare revenues and federal grant revenues.

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