HF3441 - 0 - LRT Operating and Maintenance Costs

Chief Author:	**Jon Koznick**
Commitee:	**Transportation Finance and Policy**
Date Completed:	**2/27/2026 12:49:59 PM**
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	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

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.

LBO Signature: Laura Cecko **Date:** 2/27/2026 12:49:59 PM
Phone: 651-284-6543 **Email:** laura.cecko@lbo.mn.gov

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	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
General Fund	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Biennial Total			**-**		**-**
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Biennial Total			**-**		**-**
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Biennial Total			**-**		**-**

Bill Description

This bill relates to transit; governing certain light rail transit (Blue Line Extension) operating and capital maintenance costs.

Section 1. States after operating revenue and federal funds are used for operations and ongoing capital maintenance costs attributed to the Blue Line Extension, Hennepin County must provide for the county sales tax revenue, as defined in section 473.4465, subd 1; or the county transportations sales tax under section 297A.993.

Assumptions

Blue Line Extension is estimated to begin construction in 2027 and is not estimated to go into service prior to 2030.

Current revenue for LRT projects includes fare revenue, advertising, and interest income. No federal or state funding for operations of the Blue Line Extension project forecasted.

In calculations below:

Ridership increases annually by 2%.

Fares remain the same until planned fare increase outside years in this fiscal note.

Interest and advertising revenues increase annually by 1%.

Operating and maintenance expenses increase annually by 5%.

Expenditure and/or Revenue Formula

Revenue

Fares

1st Full Year = $7,508,942 (7,000,000 estimated annual unlinked trips x $1.072706)

Year 2 = $7,659,121 (7,140,000 estimated annual unlinked trips x $1.072706)

Year 3 = 7,812,303 (7,282,800 estimated annual unlinked trips x $1.072706)

Year 4 = $7,968,549 (7,428,456 estimated annual unlinked trips x $1.072706)

Interest Income

1st Full Year = $108,286

Year 2 = $109,369

Year 3 = $110,462

Year 4 = $111,567

Advertising

1st Full Year = $267,959

Year 2 = $270,638

Year 3 = $273,344

Year 4 = $276,078

TOTAL REVENUE

1st Full Year = $7,885,186

Year 2 = $8,039,128

Year 3 = $8,196,110

Year 4 = $8,356,194

Budgeted Operating & Maintenance Expense based on estimated car miles and train hours

1st Full Year = $57,775,136

Year 2 = $60,663,893

Year 3 = $63,697,088

Year 4 = $66,881,942

Delta for Hennepin County Funding

1st Full Year = ($49,889,950)

Year 2 = ($52,624,765)

Year 3 = ($55,500,978)

Year 4 = ($58,525,748)

Long-Term Fiscal Considerations

An increase of 5% annually based on inflation factors.

Local Fiscal Impact

Local Fiscal impact will be approximately $50 million in the 1st full year of service, with an average net increase of 5% annually. Calculations above.

References/Sources

Kristin Prescott (612) 373-6812

Agency Contact: Kristin Prescott (612) 373-6812

Agency Fiscal Note Coordinator Signature: Stewart McMullan **Date:** 2/27/2026 12:05:21 PM

Phone: 651-602-1374 **Email:** stewart.mcmullan@metc.state.mn.us