HOUSE RESEARCH
Bill Summary

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Subject: Transit finance

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Overview

This bill contains a transit finance proposal. It (1) allocates additional funds to greater Minnesota transit from the motor vehicle lease sales tax; (2) establishes a new 0.75 percent metropolitan area transit sales tax; (3) provides $8 million in bonds for greater Minnesota transit capital; and (4) provides $95 million in bonds for transitway corridor development.

Section

1 **Motor vehicle lease sales tax revenue.** Amends the allocation of revenue from the motor vehicle lease sales tax, to:

- eliminate an annual $32 million allocation to the general fund;
- provide $9 million for county roads, distributed based on population except that no funds are provided to the counties of Hennepin and Ramsey (which is the same distribution method as current law); and
- allocate the remaining funds to greater Minnesota transit.

2 **Metropolitan area transit sales and use tax.** Imposes a 0.75 percent sales tax in the seven-county metropolitan area and allocates revenues to the Metropolitan Council, Counties Transit Improvement Board (CTIB), counties, and cities for transit and multimodal purposes. (This is in addition to the current 0.25 percent sales tax authorized under CTIB.)

Subd. 1. Authorization and imposition. Imposes 0.75 percent sales tax, and a $20 in-lieu flat tax on auto sales, on sales in the seven-county metropolitan area. Provides for tax collection and administration.

Section

Subd. 2. Allcoation of revenues. Allocates funds from the tax, to go:

- 41.5 percent to the Metropolitan Council for bus transit;
- 41.5 percent to CTIB;
- seven percent to cities;
- seven percent to counties; and
- three percent to the Metropolitan Council for grants for bicycle, pedestrian, and trail projects.

Subd. 3. Use of revenues for transit by Metropolitan Council. Identifies allowable uses of funds provided to the Metropolitan Council, including bus service expansion and affordable fares. Requires an annual legislative report starting in 2015.

Subd. 4. Use of revenues for transit by Counties Transit Improvement Board. Requires funds provided to CTIB to be used in the same manner as the current metropolitan area transportation sales tax imposed under CTIB. Directs allocation of funds for transitway development to counties that are not participating in CTIB, and requires such counties to report to CTIB on use of the funds.

Subd. 5. Allocation and use of revenues by cities and counties. Proportionately allocates funds for cities and counties by population, respectively. Identifies allowable uses of the funds, including transit, pedestrian, and bicycle facilities. Requires reporting to the Metropolitan Council on use of the funds.

3 **Joint powers board.** Broadens a cap on CTIB administrative expenses, to be three-quarters of the revenues from both the CTIB-imposed sales tax and the new sales tax being imposed in section 2 of the bill.

4 **Appropriation for Greater Minnesota transit.** Appropriates $8 million in general obligation bonds to the Minnesota Department of Transportation for transit capital in Greater Minnesota.

5 **Appropriation for transit corridors.** Appropriates $95 million in general obligation bonds to the Metropolitan Council for development of transitway corridors.

6 **Bond sale authorizations.** Authorizes sales of bonds for the appropriations made in sections 4 and 5 of the bill.

7 **Effective date.** Makes the motor vehicle lease sales tax re-allocation and the new transit sales tax effective January 1, 2014.