

A bill for an act

relating to pupil transportation; including pupil transportation within the meaning of public transit assistance; directing transfers of money from transit assistance fund and allocation from metropolitan area sales tax for transit for pupil transportation; amending Minnesota Statutes 2008, sections 16A.88; 297A.992, subdivision 5.

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

Section 1. Minnesota Statutes 2008, section 16A.88, is amended to read:

16A.88 TRANSIT ASSISTANCE FUND.

Subdivision 1. **Transit assistance fund established.** A transit assistance fund is established within the state treasury. The fund receives money distributed under section 297B.09, subdivision 1, and other money as specified by law. Money in the fund must be allocated to the greater Minnesota transit account under subdivision 1a and the metropolitan area transit account under subdivision 2 in the manner specified in section 297B.09, subdivision 1, and must be used solely for transit purposes under the Minnesota Constitution, article XIV, section 13. Costs of pupil transportation are included within the meaning of "transit purposes" and "public transit assistance."

Subd. 1a. **Greater Minnesota transit account.** The greater Minnesota transit account is established within the transit assistance fund in the state treasury. After an annual deduction of \$5,000,000, which the commissioner of finance shall transfer to the commissioner of education, money in the account is annually appropriated to the commissioner of transportation for assistance to transit systems outside the metropolitan area under section 174.24. The commissioner may use up to \$408,000 in fiscal year 2008 and \$416,000 in fiscal year 2009 and thereafter for administration of the transit program. The commissioner shall use the account for transit operations as provided in section

174.24 and related program administration. The commissioner of education shall use the money transferred for grants to school districts for pupil transportation. The grants must be distributed based on the number of students transported to and from school by the district or charter school.

Subd. 2. **Metropolitan area transit account.** The metropolitan area transit account is established within the transit assistance fund in the state treasury. After an annual deduction of \$45,000,000, which the commissioner of finance shall transfer to the commissioner of education, all money in the account is annually appropriated to the Metropolitan Council for the funding of transit systems within the metropolitan area under sections 473.384, 473.386, 473.387, 473.388, and 473.405 to 473.449. The commissioner of education shall use the money transferred for grants to school districts for pupil transportation. The grants must be distributed based on the number of students transported to and from school by the district or charter school.

Sec. 2. Minnesota Statutes 2008, section 297A.992, subdivision 5, is amended to read:

Subd. 5. **Grant application and awards; Grant Evaluation and Ranking System (GEARS) Committee.** (a) The joint powers board shall establish a grant application process and identify the amount of available funding for grant awards. Grant applications must be submitted in a form prescribed by the joint powers board. An applicant must provide, in addition to all other information required by the joint powers board, the estimated cost of the project, the amount of the grant sought, possible sources of funding in addition to the grant sought, and identification of any federal funds that will be utilized if the grant is awarded. A grant application seeking transit capital funding must identify the source of money necessary to operate the transit improvement.

(b) The joint powers board shall establish a timeline and procedures for the award of grants, and may award grants only to the state and political subdivisions. The board shall define objective criteria for the award of grants, which must include, but not be limited to, consistency with the most recent version of the transportation policy plan adopted by the Metropolitan Council under section 473.146. The joint powers board shall maximize the availability and use of federal funds in projects funded under this section.

(c) The joint powers board shall establish a GEARS Committee, which must consist of:

(1) one county commissioner from each county that is in the metropolitan transportation area, appointed by its county board;

(2) one elected city representative from each county that is in the metropolitan transportation area;

(3) one additional elected city representative from each county for every additional 400,000 in population, or fraction of 400,000, in the county that is above 400,000 in population; and

(4) the chair of the Metropolitan Council Transportation Committee.

(d) Each city representative must be elected at a meeting of cities in the metropolitan transportation area, which must be convened for that purpose by the Association of Metropolitan Municipalities.

(e) The committee shall evaluate grant applications following objective criteria established by the joint powers board, and must provide to the joint powers board a selection list of transportation projects that includes a priority ranking.

(f) A grant award for a transit project located within the metropolitan area, as defined in section 473.121, subdivision 2, may be funded only after the Metropolitan Council reviews the project for consistency with the transit portion of the Metropolitan Council policy plan and one of the following occurs:

(1) the Metropolitan Council finds the project to be consistent;

(2) the Metropolitan Council initially finds the project to be inconsistent, but after a good faith effort to resolve the inconsistency through negotiations with the joint powers board, agrees that the grant award may be funded; or

(3) the Metropolitan Council finds the project to be inconsistent, and submits the consistency issue for final determination to a panel, which determines the project to be consistent. The panel is composed of a member appointed by the chair of the Metropolitan Council, a member appointed by the joint powers board, and a member agreed upon by both the chair and the joint powers board.

(g) Grants must be funded by the proceeds of the taxes imposed under this section, bonds, notes, or other obligations issued by the joint powers board under subdivision 7.

(h) Notwithstanding the provisions of this subdivision, in fiscal year 2009, of the initial revenue collected under this section, the joint powers board shall allocate at least \$30,783,000 to the Metropolitan Council for operating assistance for transit.

(i) Notwithstanding the provisions of this section, beginning in fiscal year 2010 and in each fiscal year thereafter, of the initial revenue collected under this section each year, the joint powers board shall allocate at least \$50,000,000 to the Department of Education for grants to school districts for pupil transportation. The Department of Education shall distribute the grants based on the number of students transported to and from school by the district or charter school.