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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 3264

04/28/2025 Authored by Berg; Hanson, J.; Huot and Bierman
The bill was read for the first time and referred to the Committee on Transportation Finance and Policy

A bill for an act

relating to transportation; modifying allocation of revenue from the regional transportation sales tax for student transit and replacement services; amending Minnesota Statutes 2024, sections 297A.9915, subdivision 4; 473.4465, subdivision 2, by adding a subdivision.

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

Section 1. Minnesota Statutes 2024, section 297A.9915, subdivision 4, is amended to read:

Subd. 4. **Deposit.** Proceeds of the regional transportation sales tax must be allocated as follows:

(1) ~~83~~ 75.882 percent to the Metropolitan Council for the purposes specified under section 473.4465, subdivision 2; ~~and~~

(2) 5.281 percent to the Metropolitan Council for the purposes specified under section 473.4465, subdivision 2a;

~~(2)~~ (3) 17 percent to metropolitan counties, as defined in section 174.49, subdivision 1, in the manner provided under section 174.49, subdivision 5~~.~~; and

(4) 1.837 percent to the Board of Regents of the University of Minnesota for student transit service purposes.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 2. Minnesota Statutes 2024, section 473.4465, subdivision 2, is amended to read:

Subd. 2. **Use of funds; Metropolitan Council.** (a) Sales tax revenue allocated under section 297A.9915, subdivision 4, clause (1), is available as follows:

(1) five percent for active transportation, as determined by the Transportation Advisory Board under subdivision 3; and

(2) 95 percent for transit system purposes under sections 473.371 to 473.452, including but not limited to operations, maintenance, and capital projects.

(b) The council must expend a portion of sales tax revenue in each of the following categories:

(1) improvements to regular route bus service levels;

(2) improvements related to transit safety, including additional transit officials, as defined under section 473.4075;

(3) maintenance and improvements to bus accessibility at transit stops and transit centers;

(4) transit shelter replacement and improvements under section 473.41;

(5) planning and project development for expansion of arterial bus rapid transit lines;

(6) operations and capital maintenance of arterial bus rapid transit;

(7) planning and project development for expansion of highway bus rapid transit and bus guideway lines;

(8) operations and capital maintenance of highway bus rapid transit and bus guideways;

(9) zero-emission bus procurement and associated costs in conformance with the zero-emission and electric transit vehicle transition plan under section 473.3927;

(10) demand response microtransit service provided by the council;

(11) financial assistance to replacement service providers under section 473.388, to provide for service, vehicle purchases, and capital investments related to demand response microtransit service;

(12) financial assistance to political subdivisions and tax-exempt organizations under section 501(c)(3) of the Internal Revenue Code for active transportation; and

(13) wage adjustments for Metro Transit hourly operations employees.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 3. Minnesota Statutes 2024, section 473.4465, is amended by adding a subdivision to read:

Subd. 2a. **Use of funds; Metropolitan Council; replacement service.** (a) The council must use the sales tax revenue allocated under section 297A.9915, subdivision 4, clause (2), for financial assistance to the Minnesota Valley Transit Authority.

(b) The amount used for financial assistance under this subdivision is in addition to: (1) the regional allocation amount to the Minnesota Valley Transit Authority under section 473.388; and (2) any financial assistance to the Minnesota Valley Transit Authority under subdivision 2, paragraph (b).

(c) The council must not retain any portion of the funds allocated under this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2025.