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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 2204

03/12/2025

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The bill was read for the first time and referred to the Committee on Transportation Finance and Policy

1.1 A bill for an act
1.2 relating to Metropolitan Council; consolidating and modifying certain financial
1.3 reporting requirements for transportation services; amending Minnesota Statutes
1.4 2024, sections 473.13, subdivisions 1, 6; 473.386, subdivision 10; 473.412,
1.5 subdivision 3; repealing Minnesota Statutes 2024, section 473.452.

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

1.7 Section 1. Minnesota Statutes 2024, section 473.13, subdivision 1, is amended to read:

1.8 Subdivision 1. **Budget.** (a) On or before December 20 of each year, the council shall
1.9 adopt a final budget covering its anticipated receipts and disbursements for the ensuing year
1.10 and shall decide upon the total amount necessary to be raised from ad valorem tax levies
1.11 to meet its budget. The budget shall state in detail the expenditures for each program to be
1.12 undertaken, including the expenses for salaries, consultant services, overhead, travel, printing,
1.13 and other items. The budget shall state in detail the capital expenditures of the council for
1.14 the budget year, based on a five-year capital program adopted by the council and transmitted
1.15 to the legislature. After adoption of the budget and no later than five working days after
1.16 December 20, the council shall certify to the auditor of each metropolitan county the share
1.17 of the tax to be levied within that county, which must be an amount bearing the same
1.18 proportion to the total levy agreed on by the council as the net tax capacity of the county
1.19 bears to the net tax capacity of the metropolitan area. The maximum amount of any levy
1.20 made for the purpose of this chapter may not exceed the limits set by the statute authorizing
1.21 the levy.

1.22 ~~(b) Each even-numbered year the council shall prepare for its transit programs a financial~~
1.23 ~~plan for the succeeding three calendar years, in half-year segments. The financial plan must~~
1.24 ~~contain schedules of user charges and any changes in user charges planned or anticipated~~

2.1 ~~by the council during the period of the plan. The financial plan must contain a proposed~~
 2.2 ~~request for state financial assistance for the succeeding biennium.~~

2.3 ~~(e)~~ (b) In addition, the budget must show for each year:

2.4 (1) the estimated operating revenues from all sources including funds on hand at the
 2.5 beginning of the year, and estimated expenditures for costs of operation, administration,
 2.6 maintenance, and debt service;

2.7 (2) capital improvement funds estimated to be on hand at the beginning of the year and
 2.8 estimated to be received during the year from all sources and estimated cost of capital
 2.9 improvements to be paid out or expended during the year, all in such detail and form as the
 2.10 council may prescribe; and

2.11 (3) the estimated source and use of pass-through funds.

2.12 Sec. 2. Minnesota Statutes 2024, section 473.13, subdivision 6, is amended to read:

2.13 Subd. 6. **Transportation financial review.** (a) Annually by January 15, the council
 2.14 must submit a financial review that details revenue and expenditures for the transportation
 2.15 components under the council's budget, as specified in paragraph (c). A financial review
 2.16 submitted under this paragraph must provide the information using state fiscal years.

2.17 (b) Annually by the earlier of the accounting close of a budget year or August 15, the
 2.18 council must submit a financial review update that provides the following for the most
 2.19 recent completed budget year: actual revenues; expenditures; transfers; reserves; balances;
 2.20 and a comparison between the budgeted and actual amounts. A financial review update
 2.21 under this paragraph must include the information specified in paragraph (d).

2.22 (c) At a minimum, a financial review must identify:

2.23 (1) the actual revenues, expenditures, transfers, reserves, and balances in each of the
 2.24 previous four years;

2.25 (2) budgeted and forecasted revenues, expenditures, transfers, reserves, and balances in
 2.26 the current year and each year within the state forecast period;

2.27 (3) for the most recent completed year, a comparison between the budgeted and actual
 2.28 amounts under clause (1); and

2.29 (4) for the most recent completed year, fund balances for each replacement service
 2.30 provider under section 473.388. By December 15 each year, each replacement service
 2.31 provider under section 473.388 must report to the council its projected total operating
 2.32 expenditures and projected operating reserve fund balance as of the previous December 31.

3.1 (d) The information under paragraph (c), clauses (1) to (3), must include:

3.2 (1) a breakdown by each transportation funding source identified by the council, including
3.3 but not limited to legislative appropriations; federal funds; fare collections; property tax;
3.4 and sales tax, including sales tax used for active transportation under section 473.4465,
3.5 subdivision 2, paragraph (a), clause (1);

3.6 (2) a breakdown by each transportation operating budget category established by the
3.7 council, including but not limited to bus, light rail transit, commuter rail, planning, special
3.8 transportation service under section 473.386, and assistance to replacement service providers
3.9 under section 473.388; and

3.10 (3) data for operations, capital maintenance, and transit capital.

3.11 (e) A financial review under paragraph (a) or (b) must provide information or a
3.12 methodology sufficient to establish a conversion between state fiscal years and budget years,
3.13 summarize reserve policies, identify the methodology for cost allocation, and describe
3.14 revenue assumptions and variables affecting the assumptions.

3.15 (f) The council must submit each financial review to the chairs and ranking minority
3.16 members of the legislative committees and divisions with jurisdiction over transportation
3.17 policy and finance and to the commissioner of management and budget.

3.18 **EFFECTIVE DATE.** This section is effective the day following final enactment and
3.19 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

3.20 Sec. 3. Minnesota Statutes 2024, section 473.386, subdivision 10, is amended to read:

3.21 Subd. 10. **Forecasted funding.** (a) For purposes of this subdivision, "biennium" and
3.22 "fiscal year" have the meanings given in section 16A.011, subdivisions 6 and 14, respectively.

3.23 (b) In each February and November forecast of state revenues and expenditures under
3.24 section 16A.103, the commissioner of management and budget must incorporate a state
3.25 obligation from the general fund for the annual net costs to the council to implement the
3.26 special transportation service under this section. Notwithstanding section 16A.11, subdivision
3.27 3, the appropriation base in each fiscal year of the upcoming biennium is as determined in
3.28 this subdivision.

3.29 (c) The commissioner must determine net costs under paragraph (b) as:

3.30 (1) the amount necessary to:

3.31 (i) maintain service levels accounting for expected demand, including service area, hours
3.32 of service, ride scheduling requirements, and fares per council policy;

4.1 (ii) maintain the general existing condition of the special transportation service bus fleet,
4.2 including bus maintenance and replacement; and

4.3 (iii) meet the requirements of this section; plus

4.4 (2) the amount of forecast adjustments, as determined by the commissioner of
4.5 management and budget in consultation with the council, necessary to match (i) actual
4.6 special transportation service program costs in the prior fiscal year, and (ii) adjusted program
4.7 costs forecasted for the second year of the current biennium, for a forecast prepared in the
4.8 first year of the biennium; less

4.9 (3) funds identified for the special transportation service from nonstate sources.

4.10 (d) In conjunction with each February and November forecast, the council must submit
4.11 a financial review of the special transportation service to the chairs and ranking minority
4.12 members of the legislative committees with jurisdiction over transportation policy and
4.13 finance and to the commissioner of management and budget. At a minimum, the financial
4.14 review must include:

4.15 (1) a summary of special transportation service sources of funds ~~and expenditures for~~
4.16 ~~the prior two fiscal years and~~ each fiscal year of the forecast period, which must include:

4.17 (i) a breakout by expenditures categories; and

4.18 (ii) information that is sufficient to identify a conversion between state fiscal years and
4.19 the fiscal years of the council;

4.20 (2) details on cost assumptions used in the forecast;

4.21 (3) information on ridership and farebox recovery rates for the prior two fiscal years
4.22 and each fiscal year of the forecast period;

4.23 (4) identification of the amount of appropriations necessary for any forecast adjustments
4.24 as identified under paragraph (c), clause (2); and

4.25 (5) information as prescribed by the commissioner.

4.26 Sec. 4. Minnesota Statutes 2024, section 473.412, subdivision 3, is amended to read:

4.27 Subd. 3. **Report required; cleaning standards and expenditures.** (a) ~~By October 1,~~
4.28 ~~2024, and every year thereafter,~~ Annually by February 15, the Metropolitan Council must
4.29 report to the chairs and ranking minority members of the legislative committees with
4.30 jurisdiction over transit policy and finance on transit cleanliness and the ridership experience.

5.1 (b) The report under paragraph (a) must provide information on the council's cleanliness
5.2 standards required under subdivision 2, including whether the council adopted new
5.3 cleanliness standards or revisions to current cleanliness standards. A report prepared under
5.4 this subdivision must include information gathered from the required public feedback on
5.5 cleanliness and rider experience required in subdivision 2, paragraph (b). The council must
5.6 consider and recommend revisions to cleanliness standards based on the collection of public
5.7 feedback and must summarize feedback received by the council in the report.

5.8 (c) A report submitted under this subdivision must include:

5.9 (1) the total expenditures for cleaning and repairing transit stations and transit vehicles;

5.10 (2) the frequency, type, and location of repairs;

5.11 (3) whether specific transit stations needed a higher proportion of cleaning or repairs
5.12 and detail the council's strategy to resolve identified and persistent concerns at those
5.13 locations;

5.14 (4) recommendations to address workforce challenges for the implementation and
5.15 maintenance of cleanliness and repair standards adopted by the council, including whether
5.16 the council maintained agreements with third-party services for cleaning and repair; and

5.17 (5) whether the council has adopted preventative measures against vandalism or graffiti;
5.18 and.

5.19 ~~(6) any recommendations for additions to the transit rider code of conduct under section~~
5.20 ~~473.4065 or the transit rider investment program under section 473.4075.~~

5.21 Sec. 5. **REPEALER.**

5.22 Minnesota Statutes 2024, section 473.452, is repealed.

473.452 TRANSIT OPERATING RESERVES; REPORT.

(a) By December 15 each year, each replacement service provider under section 473.388 must report to the council its projected total operating expenses for the current state fiscal year and its projected operating reserve fund balance as of the previous July 31.

(b) By January 15 each year, the council must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. The report must include:

- (1) the information from each provider received under paragraph (a); and
- (2) the council's projected total operating expenses for the current state fiscal year and its projected operating reserve fund balance as of the previous July 31.