

**SENATE**  
**STATE OF MINNESOTA**  
**NINETIETH SESSION**

**S.F. No. 3418**

(SENATE AUTHORS: CHAMBERLAIN)

DATE	D-PG	OFFICIAL STATUS
03/15/2018	6514	Introduction and first reading
		Referred to Local Government
03/21/2018		Comm report: To pass as amended and re-refer to Transportation Finance and Policy

1.1 A bill for an act

1.2 relating to transportation finance; modifying and establishing various transportation

1.3 finance, budgeting, appropriations, accounting, fiscal planning, and reporting

1.4 provisions related to the Metropolitan Council; amending Minnesota Statutes 2016,

1.5 sections 16A.88, subdivision 2; 473.13, subdivisions 1, 4, by adding subdivisions;

1.6 473.146, subdivisions 1, 3; 473.375, by adding a subdivision; 473.4051, subdivision

1.7 3; Minnesota Statutes 2017 Supplement, section 3.972, subdivision 4.

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

1.9 Section 1. Minnesota Statutes 2017 Supplement, section 3.972, subdivision 4, is amended

1.10 to read:

1.11 Subd. 4. **Certain transit financial activity reporting.** (a) The legislative auditor must

1.12 perform a transit financial activity review of financial information for the Metropolitan

1.13 Council's Transportation Division and, if it engaged in financial activity, the joint powers

1.14 board under section 297A.992. Within ~~44~~ 60 days of the end of each even-numbered fiscal

1.15 ~~quarter~~ year, the legislative auditor must submit the review to the Legislative Audit

1.16 Commission, Legislative Commission on Metropolitan Government, and the chairs ~~and~~ 2

1.17 ranking minority members, and staff of the legislative committees with jurisdiction over

1.18 transportation policy and finance, finance, and ways and means.

1.19 (b) At a minimum, each transit financial activity review must include:

1.20 (1) a summary of monthly financial statements, including balance sheets and operating

1.21 statements, that shows income, expenditures, and fund balance;

1.22 (2) a list of any obligations and agreements entered into related to transit purposes,

1.23 whether for capital or operating, including but not limited to bonds, notes, grants, and future

1.24 funding commitments;

2.1 (3) the amount of funds in clause (2) that has been committed;

2.2 (4) independent analysis by the fiscal oversight officer of the fiscal viability of revenues  
2.3 and fund balance compared to expenditures, taking into account:

2.4 (i) all expenditure commitments;

2.5 (ii) cash flow;

2.6 (iii) sufficiency of estimated funds; and

2.7 (iv) financial solvency of anticipated transit projects; and

2.8 (5) a notification concerning whether the requirements under paragraph (c) have been  
2.9 met.

2.10 (c) The Metropolitan Council and, if engaged in financial activity, the joint powers board  
2.11 under section 297A.992 must produce monthly financial statements as necessary for the  
2.12 review under paragraph (b), clause (1), and provide timely information as requested by the  
2.13 legislative auditor.

2.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.15 Sec. 2. Minnesota Statutes 2016, section 16A.88, subdivision 2, is amended to read:

2.16 Subd. 2. **Metropolitan area transit account.** The metropolitan area transit account is  
2.17 established within the transit assistance fund in the state treasury. All money in the account  
2.18 is annually appropriated to the Metropolitan Council for ~~the funding of transit systems~~  
2.19 system operating expenditures within the metropolitan area under sections 473.384, 473.386,  
2.20 473.387, 473.388, and 473.405 to 473.449.

2.21 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following  
2.22 final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,  
2.23 Scott, and Washington.

2.24 Sec. 3. Minnesota Statutes 2016, section 473.13, subdivision 1, is amended to read:

2.25 Subdivision 1. **Budget.** (a) Except as provided in paragraph (b), on or before December  
2.26 20 of each year, the council shall adopt a final budget covering its anticipated receipts and  
2.27 disbursements for the ensuing year and shall decide upon the total amount necessary to be  
2.28 raised from ad valorem tax levies to meet its budget. The budget ~~shall~~ must state in detail  
2.29 the expenditures for each program to be undertaken, including the expenses for salaries,  
2.30 consultant services, overhead, travel, ~~printing~~, and other items. The budget ~~shall~~ must state  
2.31 in detail the council's nontransportation capital expenditures ~~of the council~~ for the budget

3.1 year, based on a five-year capital program adopted by the council and transmitted to the  
 3.2 legislature. After adoption of the budget and no later than five working days after December  
 3.3 20, the council shall certify to the auditor of each metropolitan county the share of the tax  
 3.4 to be levied within that county, which must be an amount bearing the same proportion to  
 3.5 the total levy agreed on by the council as the net tax capacity of the county bears to the net  
 3.6 tax capacity of the metropolitan area. The maximum amount of any levy made for the  
 3.7 purpose of this chapter may not exceed the limits set by the statute authorizing the levy.

3.8 (b) For the transportation components of the council's budgeting, each fiscal year starts  
 3.9 July 1 and ends the following June 30. On or before June 15 of each year, the council must  
 3.10 adopt a final budget for the transportation components that identifies its anticipated receipts  
 3.11 and disbursements for the next fiscal year. The budget must state in detail the expenditures  
 3.12 to be undertaken for each program, including the expenses for salaries, consultant services,  
 3.13 overhead, travel, and other items. The budget must state in detail the council's transportation  
 3.14 capital expenditures for the budget year, based on a five-year capital program adopted by  
 3.15 the council and transmitted to the legislature.

3.16 ~~(b)~~ (c) As part of the budget under paragraph (b) in each even-numbered year, the council  
 3.17 ~~shall~~ must prepare for its transit programs a financial plan for the succeeding three ~~calendar~~  
 3.18 ~~years, in half-year segments.~~ The financial plan must contain schedules of user charges and  
 3.19 any changes in user charges planned or anticipated by the council during the period of the  
 3.20 plan. The financial plan must contain a proposed request for state financial assistance for  
 3.21 the succeeding biennium.

3.22 ~~(e)~~ (d) In addition, ~~the~~ each budget under paragraphs (a) and (b) must show for each  
 3.23 year:

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

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

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

3.32 **EFFECTIVE DATE; APPLICATION.** This section is effective beginning with the  
 3.33 transportation budget period under paragraph (b) that starts July 1, 2019, and applies in the  
 3.34 counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

4.1 Sec. 4. Minnesota Statutes 2016, section 473.13, is amended by adding a subdivision to  
4.2 read:

4.3 Subd. 1d. **Budget amendments.** In conjunction with the adoption of any amendment  
4.4 to the budgets under subdivision 1, the council must submit a summary of budget changes  
4.5 and a copy of the amended budget to the members and staff of the legislative committees  
4.6 with jurisdiction over transportation policy and finance and to the Legislative Commission  
4.7 on Metropolitan Government.

4.8 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following  
4.9 final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,  
4.10 Scott, and Washington.

4.11 Sec. 5. Minnesota Statutes 2016, section 473.13, subdivision 4, is amended to read:

4.12 Subd. 4. **Accounts; accounting system; controls; audits.** (a) The council shall keep  
4.13 an accurate account of its receipts and disbursements. For the transportation components  
4.14 of the council's financial activity, the council must use the state accounting system maintained  
4.15 by the commissioner of management and budget under sections 16A.14 and 16A.15.

4.16 (b) Disbursements of council money must be made by check or by electronic funds  
4.17 transfer, signed or authorized by the chair or vice-chair of the council, and countersigned  
4.18 or authorized by its regional administrator or designee after whatever auditing and approval  
4.19 of the expenditure may be required by the council.

4.20 (c) The state auditor shall audit the books and accounts of the council once each year,  
4.21 or as often as funds and personnel of the state auditor permit. The council shall pay to the  
4.22 state the total cost and expenses of the examination, including the salaries paid to the auditors  
4.23 while actually engaged in making the examination. The general fund must be credited with  
4.24 all collections made for any examination.

4.25 **EFFECTIVE DATE; APPLICATION.** This section is effective July 1, 2019, for the  
4.26 transportation budget period that starts on that date and applies in the counties of Anoka,  
4.27 Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

4.28 Sec. 6. Minnesota Statutes 2016, section 473.13, is amended by adding a subdivision to  
4.29 read:

4.30 Subd. 6. **Overview of revenues and expenditures; forecast.** (a) In cooperation with  
4.31 the Department of Management and Budget and as required by section 16A.103, the council

5.1 must prepare in February and November of each year a financial overview and forecast of  
 5.2 revenues and expenditures for the transportation components of the council's budget.

5.3 (b) At a minimum, the financial overview and forecast must identify:

5.4 (1) actual revenues, expenditures, transfers, reserves, and balances for each of the previous  
 5.5 four budget years;

5.6 (2) budgeted and forecasted revenues, expenditures, transfers, reserves, and balances  
 5.7 for each year within the state forecast period; and

5.8 (3) a comparison of the information under clause (2) to the prior forecast, including any  
 5.9 changes made.

5.10 (c) The information under paragraph (b), clauses (1) and (2), must include:

5.11 (1) a breakdown for each transportation operating budget category established by the  
 5.12 council, including but not limited to bus, light rail transit, commuter rail, planning, special  
 5.13 transportation service under section 473.386, and assistance to replacement service providers  
 5.14 under section 473.388;

5.15 (2) data for both transportation operating and capital expenditures; and

5.16 (3) fund balances for each replacement service provider under section 473.388.

5.17 (d) The financial overview and forecast must summarize reserve policies, identify the  
 5.18 methodology for cost allocation, and review revenue assumptions and variables affecting  
 5.19 the assumptions.

5.20 (e) The council must review the financial overview and forecast information with the  
 5.21 chairs and legislative staff of the legislative committees with jurisdiction over finance, ways  
 5.22 and means, and transportation finance no later than two weeks following the release of the  
 5.23 forecast.

5.24 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following  
 5.25 final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,  
 5.26 Scott, and Washington.

5.27 Sec. 7. Minnesota Statutes 2016, section 473.146, subdivision 1, is amended to read:

5.28 Subdivision 1. **Requirement.** The council ~~shall~~ must adopt a long-range comprehensive  
 5.29 policy ~~plan~~ plans for transportation and wastewater treatment. ~~The plans~~ Each policy plan  
 5.30 must substantially conform to all policy statements, purposes, goals, standards, and maps  
 5.31 in the development guide developed and adopted by the council under section 473.145 and

6.1 this chapter. Each policy plan must include, to the extent appropriate to the functions,  
6.2 services, and systems covered, the following:

6.3 (1) forecasts of changes in the general levels and distribution of population, households,  
6.4 employment, land uses, and other relevant matters, for the metropolitan area and appropriate  
6.5 subareas;

6.6 (2) a statement of issues, problems, needs, and opportunities with respect to the functions,  
6.7 services, and systems covered;

6.8 (3) a statement of the council's goals, objectives, and priorities with respect to the  
6.9 functions, services, and systems covered, addressing areas and populations to be served,  
6.10 the levels, distribution, and staging of services; a general description of the facility systems  
6.11 required to support the services; the estimated cost of improvements required to achieve  
6.12 the council's goals for the regional systems, including an analysis of what portion of the  
6.13 funding for each improvement is proposed to come from the state, Metropolitan Council  
6.14 levies, and cities, counties, and towns in the metropolitan area, respectively, and other  
6.15 similar matters;

6.16 (4) a statement of policies to effectuate the council's goals, objectives, and priorities;

6.17 (5) a statement of the fiscal implications of the council's plan, including a statement of:  
6.18 (i) the resources available under existing fiscal policy; (ii) the adequacy of resources under  
6.19 existing fiscal policy and any shortfalls and unattended needs; (iii) additional resources, if  
6.20 any, that are or may be required to effectuate the council's goals, objectives, and priorities;  
6.21 and (iv) any changes in existing fiscal policy, on regional revenues and intergovernmental  
6.22 aids respectively, that are expected or that the council has recommended or may recommend;

6.23 (6) a statement of the relationship of the policy plan to other policy plans and ~~chapters~~  
6.24 relevant portions of the ~~Metropolitan~~ development guide;

6.25 (7) a statement of the relationships to local comprehensive plans prepared under sections  
6.26 473.851 to 473.871; and

6.27 (8) additional general information as may be necessary to develop the policy plan or as  
6.28 may be required by the laws relating to the metropolitan agency and function covered by  
6.29 the policy plan.

6.30 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following  
6.31 final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,  
6.32 Scott, and Washington.

7.1 Sec. 8. Minnesota Statutes 2016, section 473.146, subdivision 3, is amended to read:

7.2 Subd. 3. ~~Development guide: Transportation policy plan.~~ (a) The transportation  
7.3 ~~chapter policy plan~~ must include policies relating to all transportation forms and be designed  
7.4 to promote the legislative determinations, policies, and goals set forth in section 473.371.

7.5 (b) In addition to the requirements regarding the contents of the policy plan under  
7.6 subdivision 1, the plan must include:

7.7 (1) a fully constrained scenario that assumes no revenue increase from current law and  
7.8 no inflationary increases;

7.9 (2) a partially constrained scenario that assumes no revenue increase from current law  
7.10 but includes reasonable inflationary increases; and

7.11 (3) an envisioned revenue scenario that identifies a revenue increase in an amount that  
7.12 accommodates transportation system maintenance, improvements, and expansion, including  
7.13 for state and local roads, regular route bus service, busways, and guideways.

7.14 (c) The estimates under each scenario in paragraph (b) must identify anticipated long-term  
7.15 transit system impacts, including unfunded costs for each transit mode and any reductions  
7.16 in regular route bus service hours.

7.17 (d) In addition to the requirements of subdivision 1 regarding the contents of the policy  
7.18 plan, the nontransit element portion of the ~~transportation chapter~~ plan must include the  
7.19 following:

7.20 (1) a statement of the needs and problems of the metropolitan area with respect to the  
7.21 functions covered, including the present and prospective demand for and constraints on  
7.22 access to regional business concentrations and other major activity centers and the constraints  
7.23 on and acceptable levels of development and vehicular trip generation at such centers;

7.24 (2) the objectives of and the policies to be forwarded by the policy plan;

7.25 (3) a general description of the physical facilities and services to be developed;

7.26 (4) a statement as to the general location of physical facilities and service areas;

7.27 (5) a general statement of timing and priorities in the development of those physical  
7.28 facilities and service areas;

7.29 (6) a detailed statement, updated every two years, of timing and priorities for  
7.30 improvements and expenditures needed on the metropolitan highway system;

8.1 (7) a general statement on the level of public expenditure appropriate to the facilities;  
8.2 and

8.3 (8) a long-range assessment of air transportation trends and factors that may affect airport  
8.4 development in the metropolitan area and policies and strategies that will ensure a  
8.5 comprehensive, coordinated, and timely investigation and evaluation of alternatives for  
8.6 airport development.

8.7 (e) The council shall develop the nontransit ~~element~~ portion in consultation with the  
8.8 transportation advisory board and the Metropolitan Airports Commission and cities having  
8.9 an airport located within or adjacent to its corporate boundaries. The council shall also take  
8.10 into consideration the airport development and operations plans and activities of the  
8.11 commission. The council shall transmit the results to the state Department of Transportation.

8.12 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following  
8.13 final enactment, applies for the next regular update to the transportation policy plan, and  
8.14 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

8.15 Sec. 9. Minnesota Statutes 2016, section 473.375, is amended by adding a subdivision to  
8.16 read:

8.17 **Subd. 19. Expenditure of funds for capital costs.** (a) The council is prohibited from  
8.18 expending funds for transit capital costs, including capital maintenance, from the following  
8.19 sources:

8.20 (1) state appropriations, including but not limited to general fund appropriations and  
8.21 appropriations under section 16A.88, subdivision 2; and

8.22 (2) operating budget reserves.

8.23 (b) The expenditure prohibition under this subdivision does not apply to federal funds.

8.24 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following  
8.25 final enactment for appropriations and reserves encumbered on or after that date and applies  
8.26 in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

8.27 Sec. 10. Minnesota Statutes 2016, section 473.4051, subdivision 3, is amended to read:

8.28 Subd. 3. **Capital costs.** State money ~~may~~ must not be used ~~to pay more than ten percent~~  
8.29 ~~of~~ for the ~~total~~ capital cost of a light rail transit project.



- 9.1 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following  
9.2 final enactment for appropriations encumbered on or after that date and applies in the  
9.3 counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.