

Twin Cities Metropolitan Area Transit Finance Overview

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Metro Area Transit Finance

Introduction

Transit service

- Provided by local units of government
- Multiple forms of service
- Twin Cities metro area
 - Metropolitan Council (Metro Transit, contracted)
 - Suburban transit providers (opt-outs)
 - Independent providers
- Variety of transit systems and service in Greater Minnesota
 - City-only and county-only service
 - Service across multiple counties

Metro Area Transit Finance

Introduction

Entities involved

- Metropolitan Council
 - Metropolitan Planning Organization – with Transportation Advisory Board (TAB)
 - Transitway development & construction
 - Transit operator (& contractor)
- MnDOT
 - Assistance to Greater MN
- Functions for both Met Council & MnDOT
 - Transit policies and planning
 - Federal funds administration
 - Technical and management assistance

Metro Area Transit Finance

Introduction

Entities involved (cont.)

- State legislature
- Counties & regional railroad authorities
- Cities
- Commissions & joint powers organizations
 - Counties Transit Improvement Board (CTIB)
- Suburban transit providers
- Private contractors
- U.S. Department of Transportation
 - Federal Transit Administration (FTA)
 - Federal Railroad Administration (FRA)

Metro Area Transit Finance

Background

Motor vehicle sales tax (MVST)

- 6.5% tax on the sale of new and used vehicles
 - In lieu of general sales tax
- Historically, partial allocation to transportation
- Constitutional amendment passed in 2006
 - Provides 100% dedication of revenues to transportation
 - Phased in over fiscal years 2008-12
- Constitutional limitations
 - “Not more than 60%” for highways
 - “Not less than 40%” for transit

Metro Area Transit Finance

Background

Motor vehicle sales tax (cont.)

- Allocation determined by statute
- Allocation formula:

Recipient	%	FY 2016 Est.
Highways (HUTD)	60%	\$428.4 M
Twin Cities metropolitan area transit	36%	\$257.1 M
Greater Minnesota transit	4%	\$28.6 M

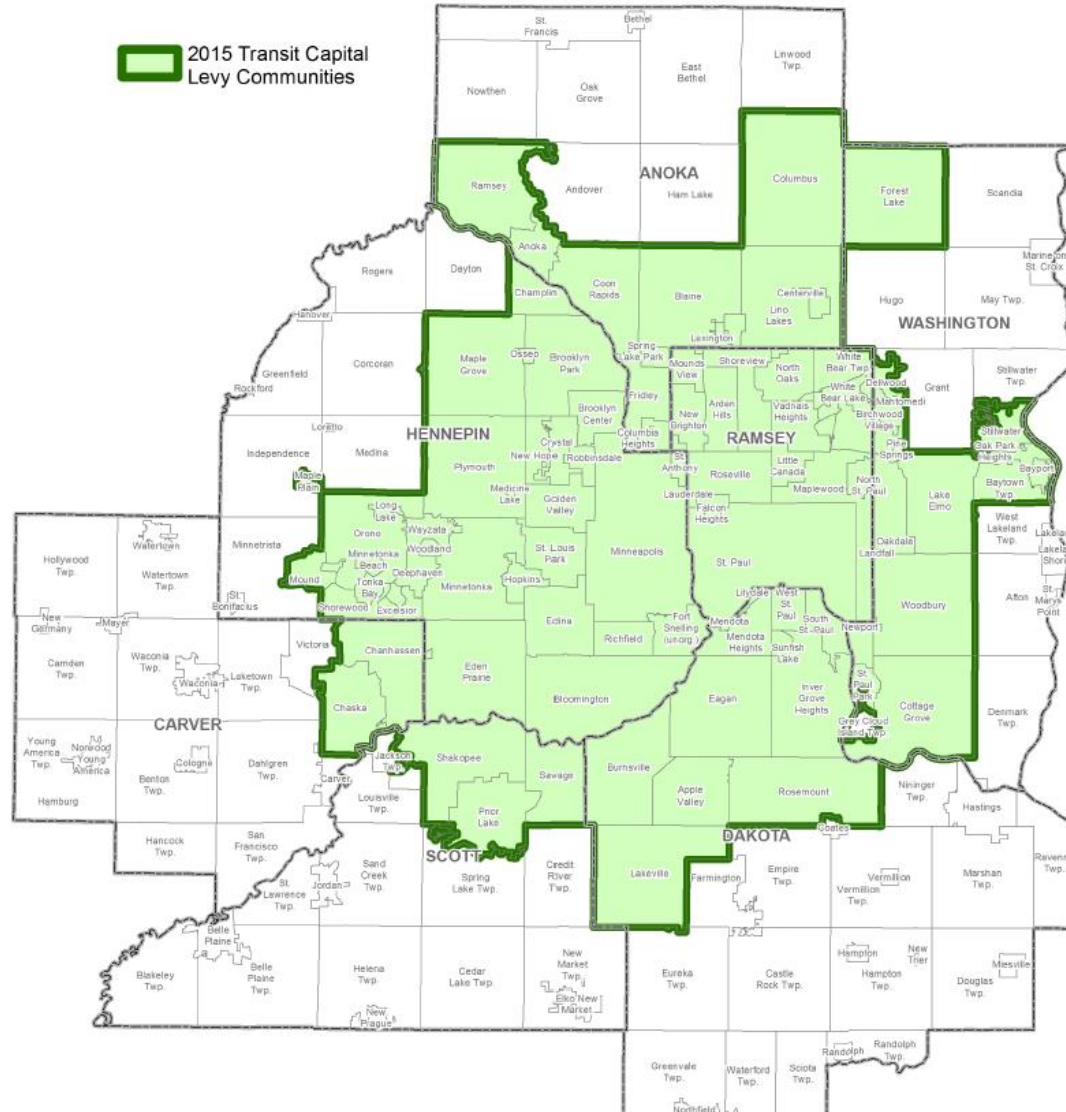
Metro Area Transit Finance

Background

Property taxes for transportation

- Regional transit capital (RTC) levy
- “Transit taxing district”
 - A geographic subset of the 7-county area
 - Area specified in statute
 - Can expand based on transit service agreements
- Tax revenue goes to debt service on bonds
 - Bonds primarily used for transit fleet maintenance and replacement, and some facilities
 - Bonds issued by the Metropolitan Council under legislative authorizations
 - Provides federal funding match

Metro Area Transit Finance Background



Metro Area Transit Finance

Background

Counties Transit Improvement Board (CTIB)

- Authorized in 2008 (Ch. 152)
 - Part of broader transportation finance legislation
- Joint powers board of county elected officials
- Optional for 7 Twin Cities metropolitan counties
 - Anoka, Hennepin, Ramsey, Washington
 - Dakota – withdrawal commenced
- Local option transit sales tax authorized
 - 0.25% rate
 - CY 2016 estimate: \$117.3 million

Metro Area Transit Finance

Background

Counties Transit Improvement Board (cont.)

- Various legislative requirements and restrictions
 - For transitways – capital and operating, park-and-rides
 - Grantmaking process
- CTIB funding policies
 - 50% of net operating cost of funded transitways
 - Funding for some “transitways”: LRT, commuter rail, highway BRT
 - Limited funding for arterial BRT
 - No bus operations

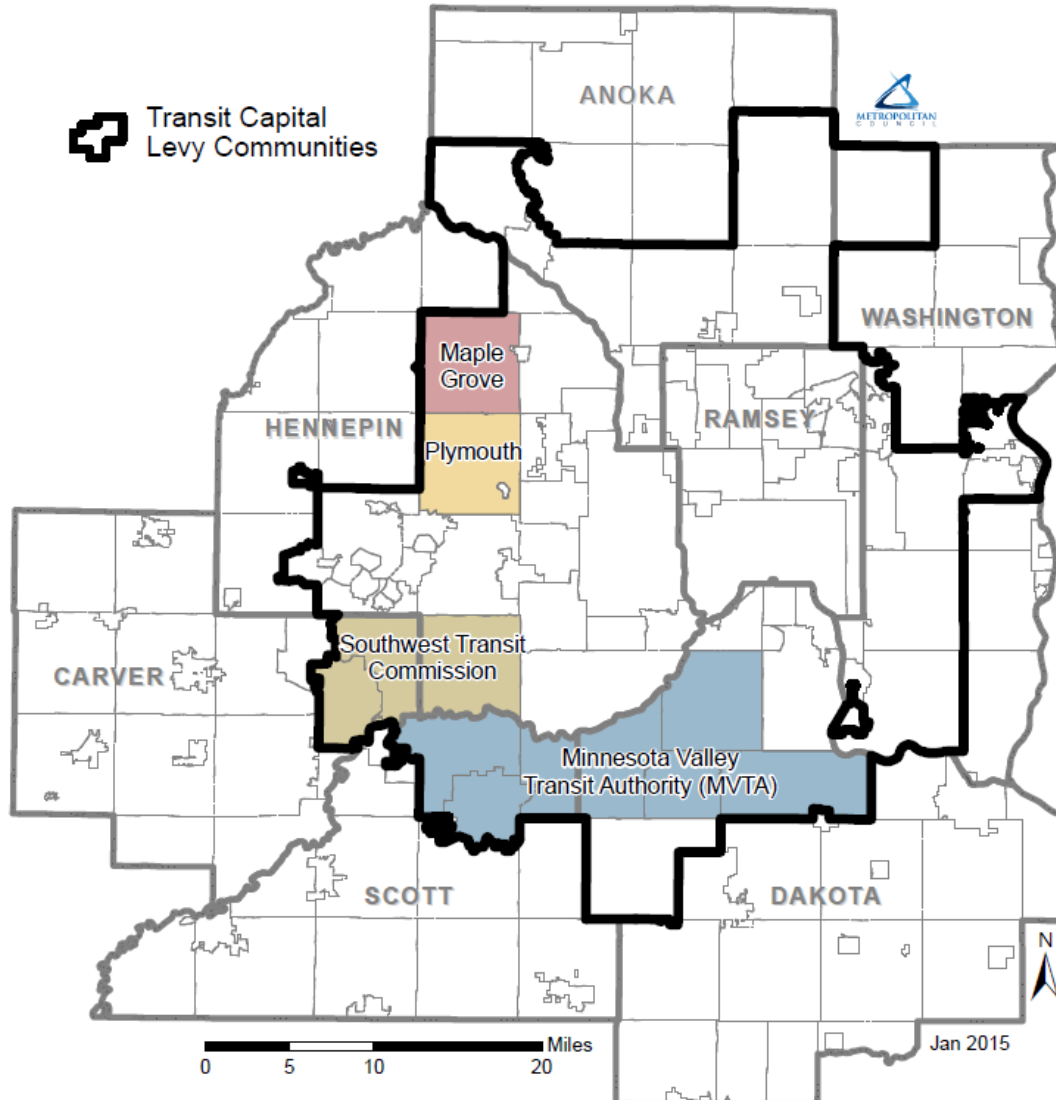
Metro Area Transit Finance

Background

Suburban transit providers (opt-outs)

- Local circulator and express bus transit service
 - In some communities
 - Instead of Met Council service
- Portion of MVST allocated to suburban providers
 - Formula-based statutory minimum allocation
 - Additional amount “regionally allocated” by Metropolitan Council
- CY 2016 Met Council budget: \$33.3 million allocated

Metro Area Transit Finance Background



Metro Area Transit Finance

Funding Sources

Sources of funding

- Operating
 - Transit service delivery
 - Planning
 - Project development
- Capital
 - Transitway development (expansion)
 - Bus and rail fleet replacement & maintenance
 - Transit service facilities
 - Transit support facilities

Metro Area Transit Finance

Funding Sources

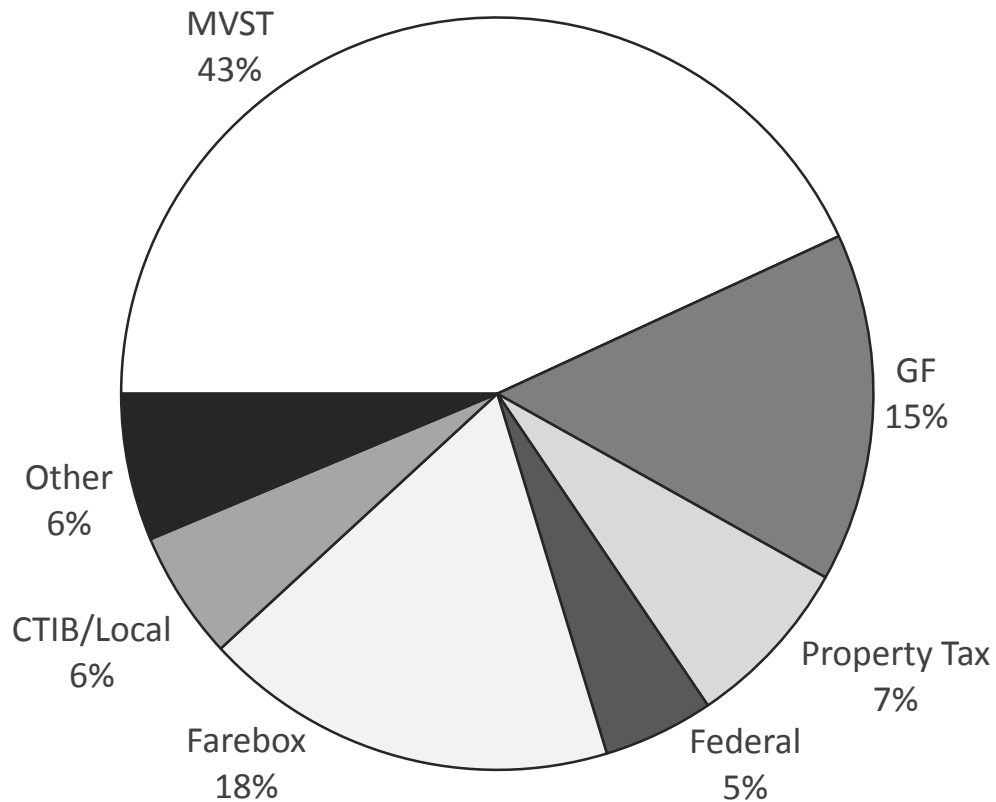
Sources of funding: operating

- Federal aid
- State sources
 - General fund (GF)
 - MVST allocation (36% of revenues)
- Farebox
 - Revenue from fares
- Counties Transit Improvement Board
 - Share of transitway operating
- Property taxes (Met Council RTC levy)
 - Levy for debt service on Metropolitan Council bonds

Metro Area Transit Finance

Funding Sources

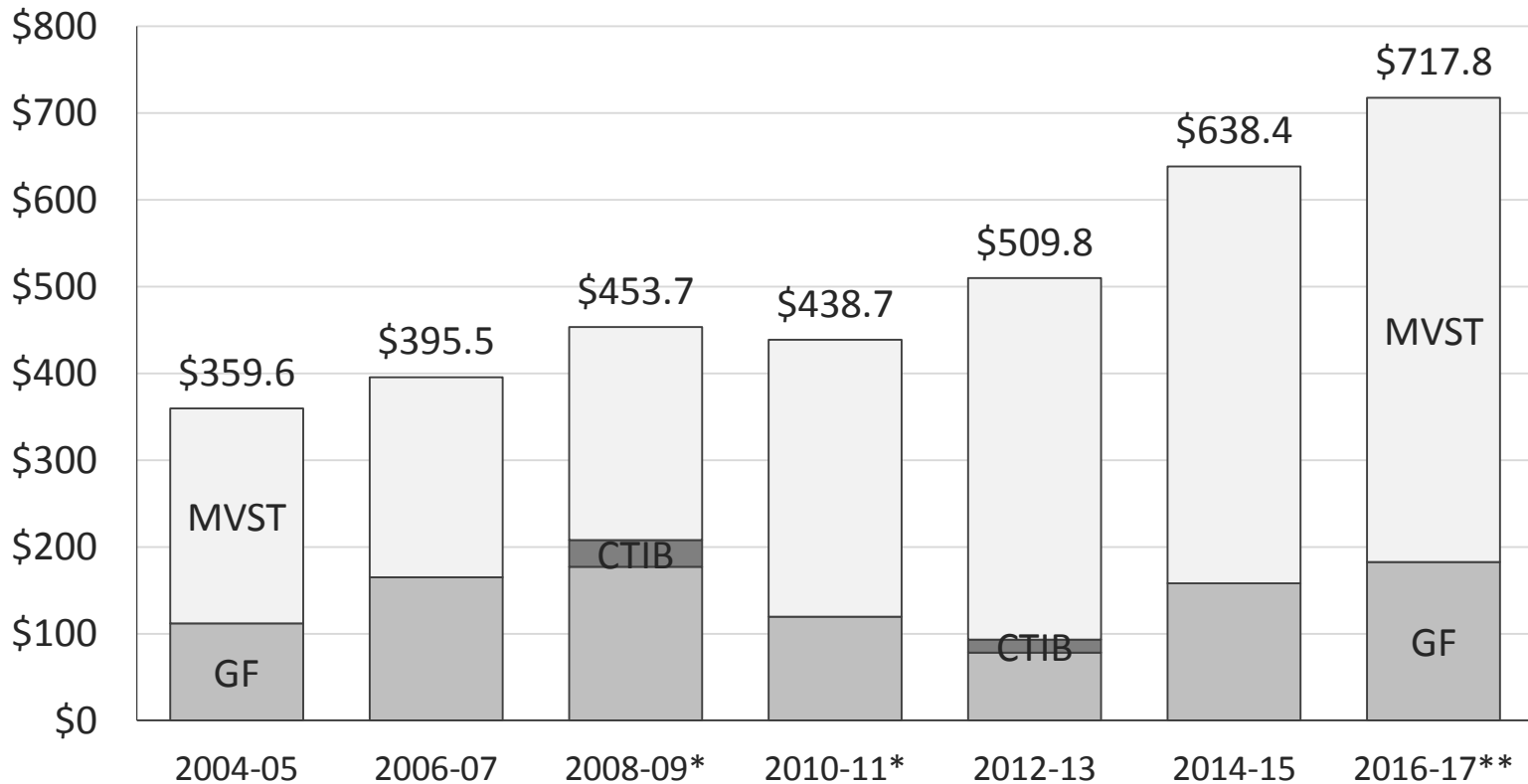
Met Council - Transit Operating Funding CY 2016 Budget, Transportation Division (\$601.9 million)



Metro Area Transit Finance

Funding Sources

State Sources of Funding History
 Transit Operating (2004-17 Biennia, \$ in Millions)



* MVST phase-in period

** Includes forecast revenue

Metro Area Transit Finance

Funding Sources

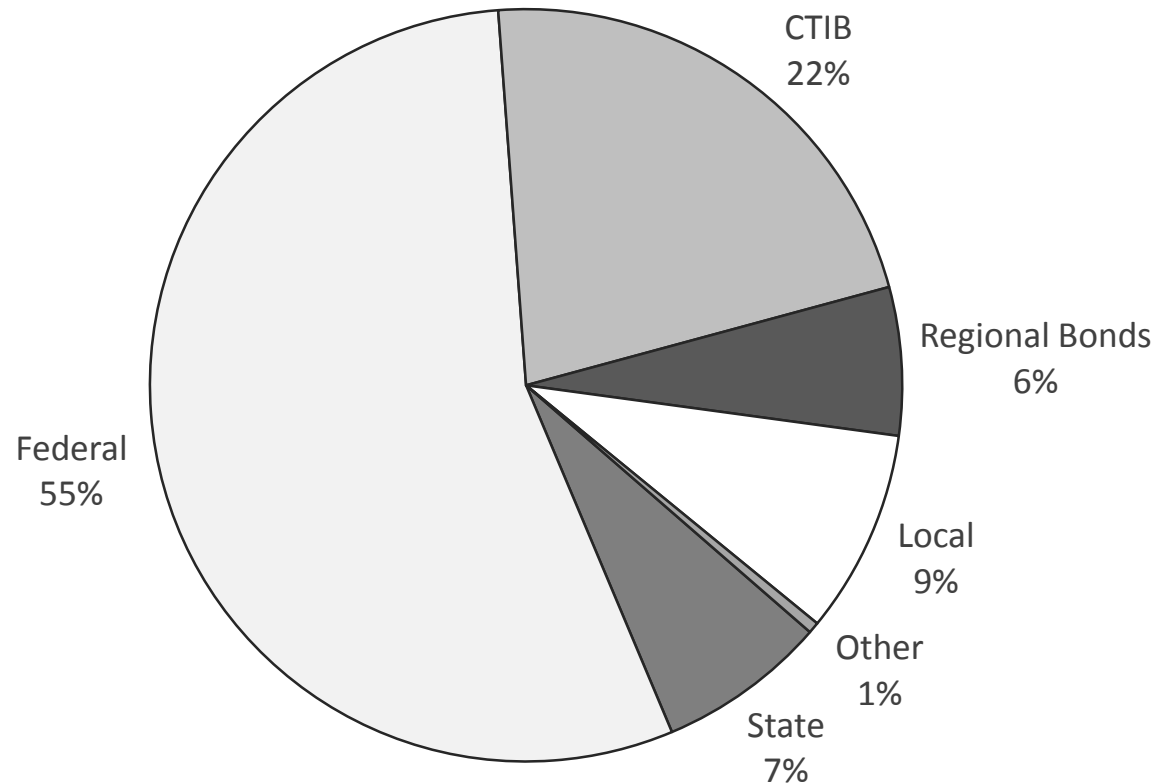
Sources of funding: capital projects (e.g., transit fleet, transitways)

- Federal aid (multiple programs)
- State sources
 - General fund
 - GO bonding
- Counties Transit Improvement Board
- Regional railroad authorities
- Other local government
- Regional bond proceeds (Met Council RTC levy)

Metro Area Transit Finance

Funding Sources

Met Council - 6-Year Plan Sources
CY 2016 Budget, CIP for transit 2016-21 (\$3.86 billion)



Metro Area Transit Finance

Funding Sources

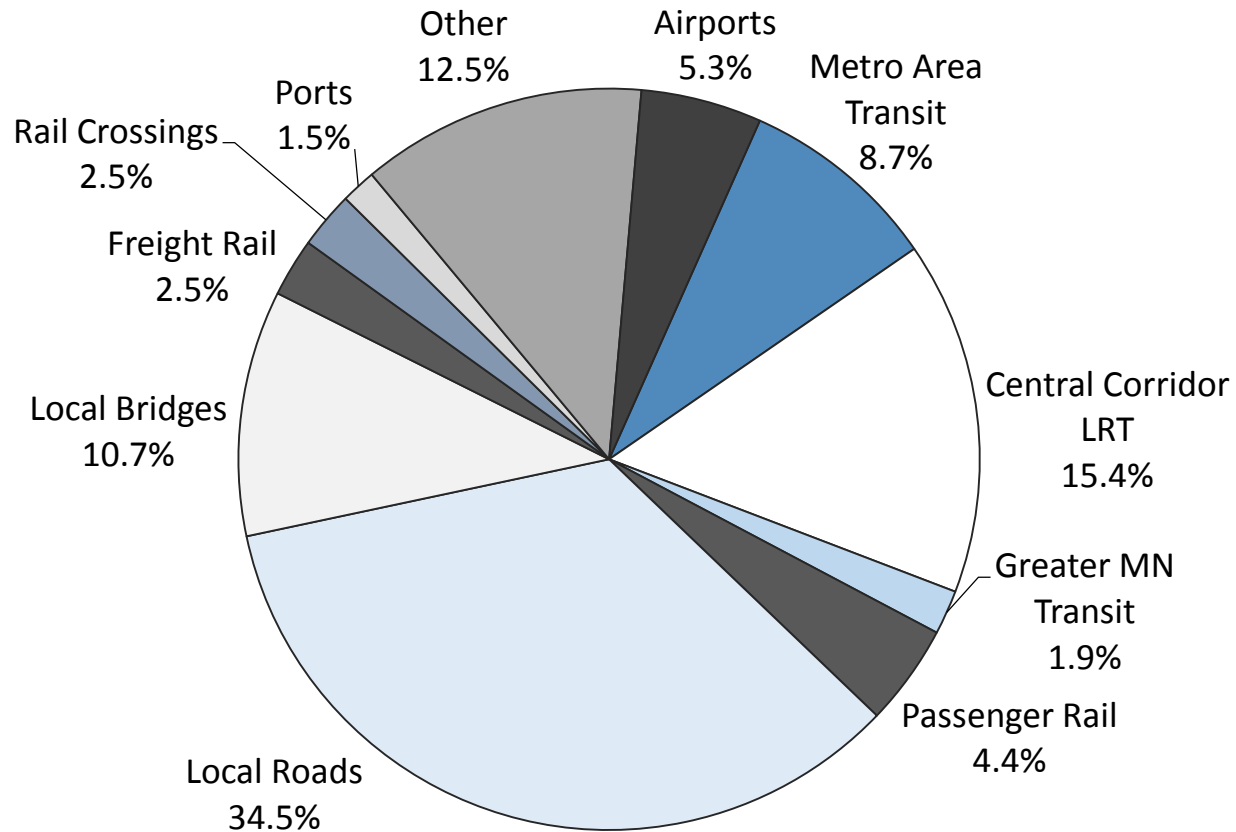
Transportation bonding

- Debt financing for capital projects
- State bonds authorized through legislation
- Trunk highway bonds vs. other general obligation (G.O.) bonding
- State G.O. bonding for transportation
 - For programs – e.g., Greater MN transit facilities, local bridges, local roads
 - For specific projects – e.g., airports, Central Corridor LRT

Metro Area Transit Finance

Funding Sources

State Transportation Bonding Non-Trunk Highway, 2007-16 (\$590.1 million)



Metro Area Transit Finance

Funding Sources

Sources recap

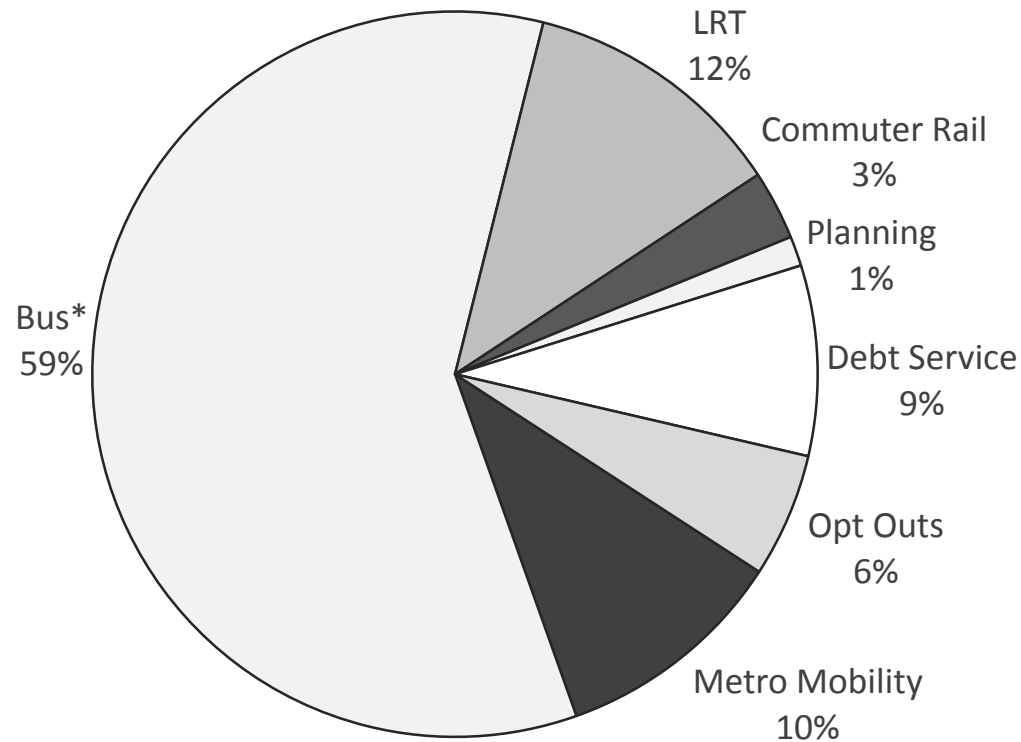
Source	Type	Geography
CTIB	Sales tax	4-5 counties
Farebox	User fee	Regional
Federal	Various	National
Local government	Property tax*	Some counties & cities
RTC levy	Property tax	Regional sub-county (transit taxing district)
State – MVST	Sales tax	Statewide
State – GF	Various state taxes	Statewide
State – Bonds	Debt / state taxes	Statewide

* Preliminary

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Uses

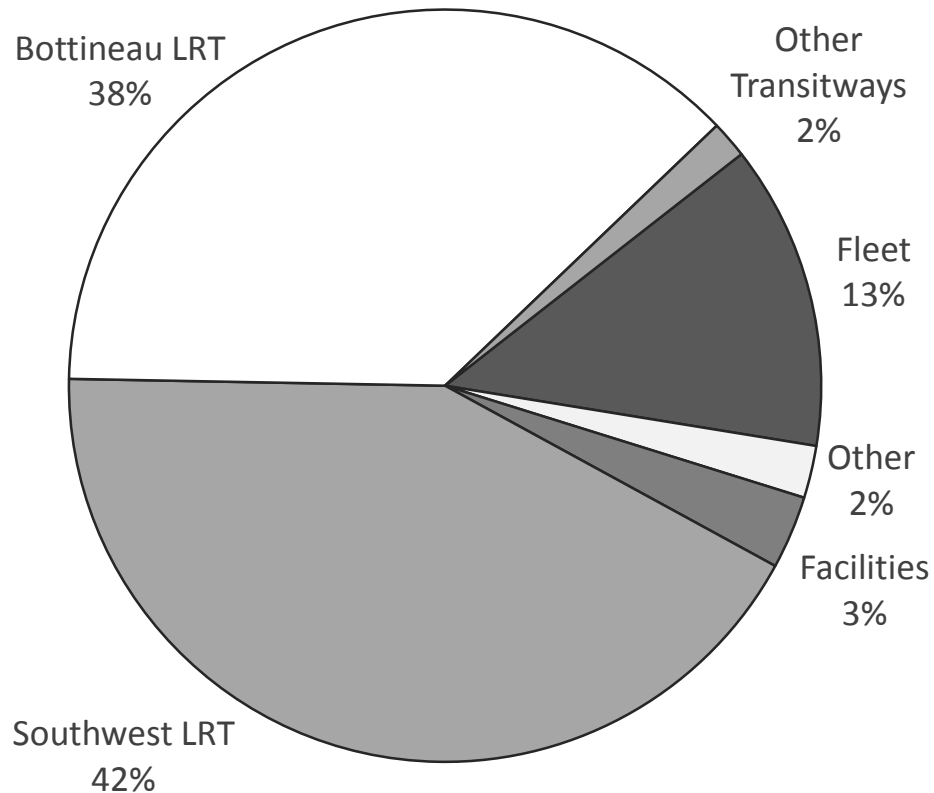
Met Council - Transit Operating Budget CY 2016, Transportation Division (\$601.9 million)



* Includes contracted and Transit Link service

Metro Area Transit Finance Uses

Met Council - 6-Year Plan Spending CY 2016, CIP for transit 2016-21 (\$3.86 billion)



Metro Area Transit Finance

Conclusion

Remarks

- Multiple entities involved in transit decision-making

Area	Federal	State	Regional	Local
Planning & policies	✓	✓	✓	✓
Funding	✓	✓	✓	✓
Project development			✓	✓
Transit service			✓	✓

- Variety in forms of funding sources

Metro Area Transit Finance

Conclusion

Remarks (cont.)

- Broader complexities of transportation finance
 - Ties to Greater MN transit and highway finance – e.g., MVST
 - Constitutional framework
 - Historically, finance “package” approach – e.g., Ch. 152

Metro Area Transit Finance

Conclusion

Questions?