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
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)
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:

<table>
<thead>
<tr>
<th>Recipient</th>
<th>%</th>
<th>FY 2016 Est.</th>
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</thead>
<tbody>
<tr>
<td>Highways (HUTD)</td>
<td>60%</td>
<td>$428.4 M</td>
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<tr>
<td>Twin Cities metropolitan area transit</td>
<td>36%</td>
<td>$257.1 M</td>
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<tr>
<td>Greater Minnesota transit</td>
<td>4%</td>
<td>$28.6 M</td>
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</table>
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
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
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
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)

- MVST: 43%
- GF: 15%
- Property Tax: 7%
- Federal: 5%
- Farebox: 18%
- CTIB/Local: 6%
- Other: 6%
- Met Council: -

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

- **2004-05**: $359.6 (GF: $359.6)
- **2006-07**: $395.5 (GF: $136.5, CTIB: $259.0)
- **2008-09**: $453.7 (CTIB: $453.7)
- **2010-11**: $438.7 (CTIB: $438.7)
- **2012-13**: $509.8 (CTIB: $509.8)
- **2014-15**: $638.4 (GF: $341.4, CTIB: $297.0)
- **2016-17**: $717.8 (GF: $375.8, CTIB: $342.0, MVST: $717.8)

* 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)

- Federal: 55%
- State: 7%
- CTIB: 22%
- Regional Bonds: 6%
- Local: 9%
- Other: 1%
- State: 7%

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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)

- Local Roads: 34.5%
- Local Bridges: 10.7%
- Freight Rail: 2.5%
- Rail Crossings: 2.5%
- Ports: 1.5%
- Greater MN Transit: 1.9%
- Passenger Rail: 4.4%
- Central Corridor LRT: 15.4%
- Metro Area Transit: 8.7%
- Airports: 5.3%
- Other: 12.5%

Total: 100%
## Metro Area Transit Finance
### Funding Sources

#### Sources recap

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

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

- Bus*: 59%
- LRT: 12%
- Commuter Rail: 3%
- Planning: 1%
- Debt Service: 9%
- Opt Outs: 6%
- Metro Mobility: 10%

* 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)

- Southwest LRT: 42%
- Bottineau LRT: 38%
- Fleet: 13%
- Other Transitways: 2%
- Facilities: 3%
- Other: 2%

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Metro Area Transit Finance

Conclusion

Remarks

- Multiple entities involved in transit decision-making

<table>
<thead>
<tr>
<th>Area</th>
<th>Federal</th>
<th>State</th>
<th>Regional</th>
<th>Local</th>
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<tbody>
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</table>

- 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
Questions?