Metro Area Transportation Sales and Use Tax

October 4, 2023

Today's Topics

Topics for Discussion

- Transportation Sales Tax Overview
- Transportation Sales Tax Forecast
- Budget Development and Schedule
- Transit System Planning/Visioning
- Next Steps

Metropolitan Council

Metro Area Transportation Sales Tax Overview

New, sustainable revenue for regional transportation

¾-cent sales tax for metropolitan transit, starting Oct 1, 2023

> 17% to counties for services including transit ~ $88 million in CY24

> 83% to Metropolitan Council

>> 5% to active transportation (to be determined by TAB)

>> 95% to transit operations, maintenance, capital projects

Expected revenue to the Council

- About $400 million forecast in CY2024 for Council transit activities
- 3% growth rate will be assumed in budget forecast
- Growth rate reviewed annually

Metropolitan Council

Sales Tax Legislative Requirements

Improvements to …

- Regular route bus service levels
- Public safety on transit
- Accessibility at transit stops and transit centers
- New, replacement shelters

Bus Rapid Transit

Planning and project development

- Operations, capital maintenance

And other investments

- Zero emissions bus transition
- Micro transit (all transit providers)
- Active transportation
- Wage adjustments for hourly operations employees

Other impacts

- Addresses operations deficit previously forecasted to begin in SFY2026-2027
- Ends counties' responsibility for transitway operations funding on October 1, 2023
- Clarifies Metropolitan Council is responsible for all capital maintenance costs
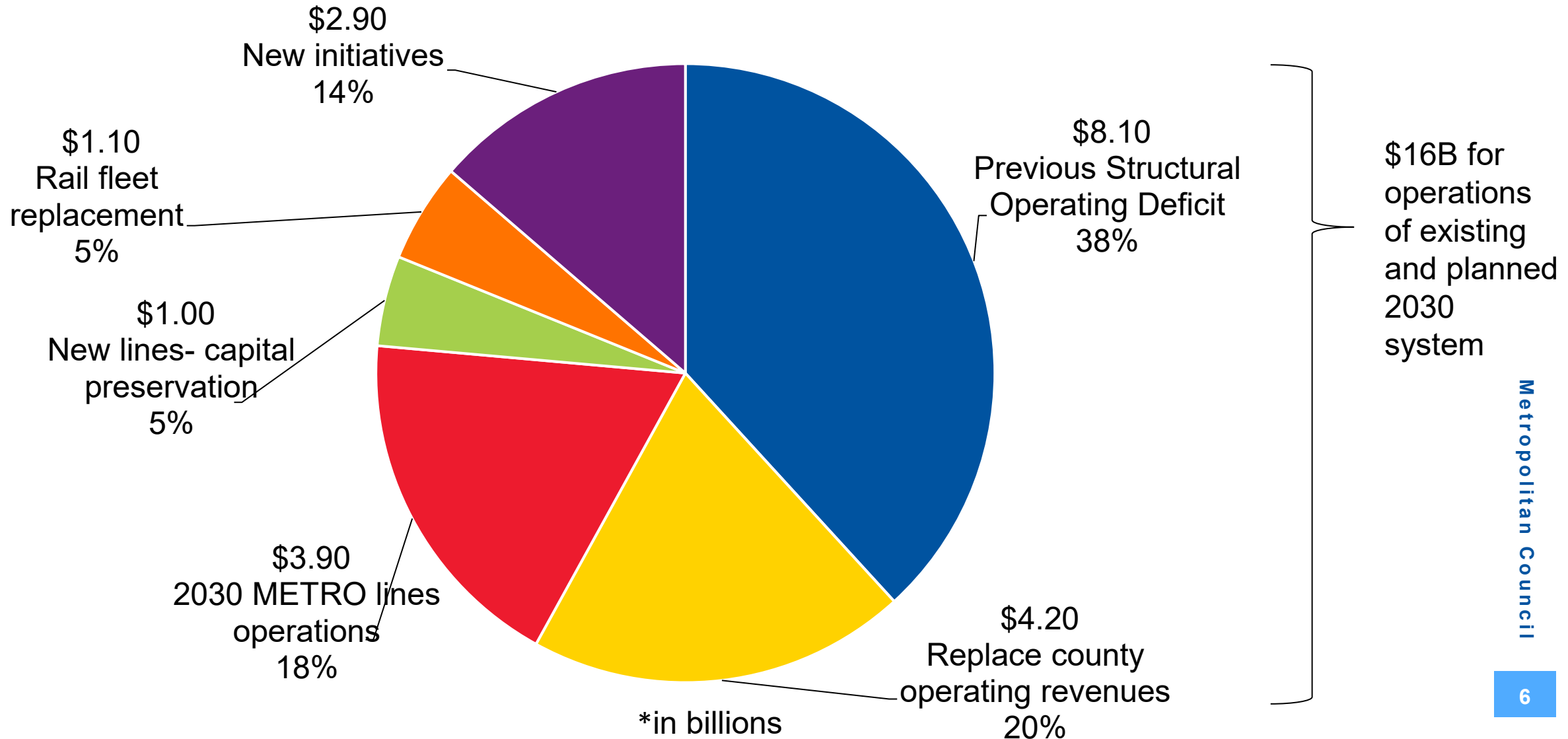
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Transportation Sales Tax Opportunities

30-Year Projection Preliminary Results

- Financial review provides understanding of obligations and opportunities.

- Enables operation and long-term upkeep of existing transit system and 2030 METRO lines

- Opportunity to develop a new transit system vision with Council, providers, partners and community

30 Year Sales Tax Forecast Total $21.2B

$2.90
New initiatives
14%

$1.10
Rail fleet
replacement
5%

$1.00
New lines- capital
preservation
5%

$3.90
2030 METRO lines
operations
18%

$8.10
Previous Structural
Operating Deficit
38%

$16B for
operations
of existing
and planned
2030
system

$4.20
Replace county
operating revenues
20%

*in billions

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Budget Development

Council Budget Development

May-July	Staff - Budget Development Activities
Aug 23 (before Sept1)	**Council - Adopt Preliminary Budget/Levies**
Oct 11	Council - Capital Program Presentation
Oct 25	Council - Adopt Public Comment Budget
Oct - Dec	Public Comment Period
Dec 13 (before Dec 20)	**Council - Adopt Final Budget/Levies**
2024	Continue Planning/ Review/ Updating budget w/ budget amendment process

Increased Services and New Initiatives

2050 Transportation Policy Plan Process

Concurrent Process for 26-Year Transportation Funding Plan

26-year Revenue and Expenditure Forecast Thru 2050

- All transportation revenues including MnDOT, local governments, transit
- Substantial expansion in revenues from 2040 TPP; requires greater collaboration for planning investments
- Focus on major projects (e.g., transitways, highways)

Key Differences in Transit Assumptions

- Assumes Riverview transitway in funded plan (mode/alignment planning update underway)
- Baseline will assume 3% growth for MVST and Sales Tax; will also include estimates for higher growth rates
- Financial estimates include all transit providers

Metro Transit Visioning and Strategic Planning

Metro Transit Forward

- Opportunity to co-create a shared vision and updated strategic plan for Metro Transit service delivery and shape future budget development

- Will build on initiatives in the current strategic plan. For example:
  - Network Now
  - Safety & Security Action Plan
  - Great Workplace Project
  - Metro Transit's contributions to the Council's Climate Action Work Plan

- Will align with regional development guide, TPP, Council's strategic plan, and other Council policies

- More information coming this month: www.metrotransit.org/forward

Metro Area Transportation Sales and Use Tax

Thank You!!

Metropolitan Council