

POLICY

State Transit Funding Allocation Policy

FM 12-3

Category: Financial Management

Business Unit Responsible: RA: Finance

Policy Owner: Deputy Chief Financial Officer

Policy Contact: Stewart McMullan, Director of Budget Operations

Synopsis: Establishes the responsibilities and expectations for the allocation of funding received from the State of Minnesota for metropolitan area transit operations.

POLICY

The Metropolitan Council shall allocate funds it receives from the State of Minnesota for metropolitan area transit operations to Council activities and replacement service municipalities established under [Minnesota Statutes section 473.388](#).

State General Fund appropriations are allocated:

- As directed in law, then State obligations to Metro Mobility, METRO Blue Line, METRO Green Line and NorthStar Commuter Rail operations, then
- Regional bus and planning services.

Motor Vehicle Sales Tax revenues are allocated:

- As directed in law, then State obligations not funded by the State General Fund appropriations, then,
- Regional bus and planning services.

Replacement service municipalities defined under Minnesota Statutes section 473.388 are collectively allocated:

Financial assistance under Minnesota Statutes section 473.388 subdivision 4, and supplemental financial assistance in an amount equal to 4.3% percent of:

1. 12.8% of total statewide Motor Vehicle Sales Tax revenues, plus
2. State General Fund appropriations not directed in law, minus,
3. State funding needed to meet federal and state obligations.

Payment of supplemental financial assistance not directed in Statute shall be withheld from any transit service provider not in compliance with established reporting requirements.

PURPOSE OF POLICY

This policy establishes the responsibilities and expectations for the allocation of funding received from the State of Minnesota for metropolitan area transit operations.

BACKGROUND & REASONS FOR POLICY

The State of Minnesota provides funding for metropolitan area transit operations through State General Fund appropriations and 34.3% of the money collected and received under [Minnesota Statutes chapter 297B Sales Tax on Motor Vehicles](#). The transit system in the metropolitan area includes the services provided by the Metropolitan Council and replacement service municipalities. The Metropolitan Council is responsible for allocating funding among all service providers.

Allocation of supplemental financial assistance between individual replacement service municipalities shall be in the manner determined by agreement of the replacement service municipalities. The allocation methodology may specify eligibility based on a municipality's transit service operating reserve. Absent an agreement between the replacement service municipalities, the Regional Administrator shall determine the amount to be allocated to a replacement service municipality.

IMPLEMENTATION & ACCOUNTABILITY

The Regional Administrator shall establish the framework and accountability for the effective implementation of the policy.

Allocation of the supplemental financial assistance between individual replacement service municipalities under the Motor Vehicles Sales Tax shall be in the manner determined by the agreement with the replacement service municipalities. The allocation methodology may specify eligibility based on a municipality's transit service operating reserve. Absent an agreement between the replacement service municipalities, the Regional Administrator shall determine the amount to be allocated to a replacement service municipality.

The Metropolitan Council shall publish the State Transit Funding Allocation policy, implementing procedures, financial information, and reporting requirements on its website.

PROCEDURES

- [FM 12-3a State Transit Funding Allocation Procedure](#)

RESOURCES

Minnesota Statutes

- [Minnesota Statutes Section 473.388](#)
- [Minnesota Statutes Chapter 297B Sales Tax on Motor Vehicles](#)

HISTORY

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7/12/2023 – updated based on updated Statutes.

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