

Information Item

Transportation Advisory Board



Meeting date: July 19, 2023

Topic

Regional Transportation Sales and Use Tax for Active Transportation Projects:
Estimated \$24 Million per Year to the Transportation Advisory Board for Active Transportation

Policy/legal reference: [2023 Session Law- Chapter 68 \(unofficial\)](#)
Staff prepared/presented: Steve Peterson, Senior Manager of Highway Planning and TAB/TAC
Division/department: Metropolitan Transportation Services

Background

Estimated \$24 million per year to the Transportation Advisory Board for Active Transportation.

Relevant Session Law Language

Subd. 3. Use of funds; active transportation

(a) Sales tax revenue allocated to the Transportation Advisory Board under subdivision 2, clause (1), is for grants to support active transportation within the metropolitan area.

(b) The Transportation Advisory Board must establish eligibility requirements and a selection process to provide the grant awards. The process must include: solicitation; evaluation and prioritization, including technical review, scoring, and ranking; project selection; and award of funds. To the extent practicable and subject to paragraph (c), the process must align with procedures and requirements established for allocation of other sources of funds.

(c) The selection process must include criteria and prioritization of projects based on:

- (1) the project's inclusion in a municipal or regional nonmotorized transportation system plan;
- (2) the extent to which policies or practices of the political subdivision encourage and promote complete streets planning, design, and construction;
- (3) the extent to which the project supports connections between communities and to key destinations within a community;
- (4) identified barriers or deficiencies in the nonmotorized transportation system;
- (5) identified safety or health benefits;
- (6) geographic equity in project benefits, with an emphasis on communities that are historically and currently underrepresented in local or regional planning; and
- (7) the ability of a grantee to maintain the active transportation infrastructure following project completion.

Potential Regional Solicitation Changes

Draft Additions to the 2024 Regional Solicitation Introduction Document

Regional Transportation Sales and Use Tax Overview for Active Transportation Projects

As authorized by the Omnibus Transportation Bill in the 2023 Minnesota Legislative session, the Metropolitan Council must impose a tax of three-quarters of one percent on retail sales and uses in the seven-county metro area. Five percent of the Council's portion of the sales tax revenue (estimated at approximately \$24 million/year) must be allocated by the Transportation Advisory Board (TAB) for grants to support active transportation projects ("Active Transportation"), which may include projects in the existing Multiuse Trails and Bicycle Facilities, Pedestrian Facilities, and Safe Routes to School application categories. The tax will start being collected on October 1, 2023.

In order to utilize this funding on projects that benefit active transportation as quickly as possible, sales tax funding will be available to Pedestrian Facilities and Safe Routes to School projects as part of the 2024 Regional Solicitation for fiscal years 2025-2029 (Regional Solicitation federal funds are available for fiscal years 2028 and 2029 and will be used for Multiuse Trail and Bicycle Facilities projects within the larger modal category). TAB will determine the total amount of sales tax revenue to be allocated as part of the 2024 Solicitation based upon actual revenue collections, but currently estimates a total amount of \$33-\$38 million (the first two years of sales tax collections) will be allocated. TAB reserves the right to award more or less Active Transportation sales tax funds depending on the amount and quality of projects submitted, and/or utilize some of the funding on the Multiuse Trails category, if there is a lack of applications in the other two categories. The new Active Transportation sales tax funds will be considered above/added to Bicycle and Pedestrian Facilities federal funds allocated within the federal modal funding ranges.

Active Transportation sales tax funds will be available for up to 90% of eligible project costs up to the maximum award amount for the application category. Projects that were awarded federal Regional Solicitation funds in previous cycles cannot reapply this cycle for Active Transportation sales tax funds.

For the 2024 Regional Solicitation funding cycle, Active Transportation sales tax funding will be the primary funding source of funding for two application categories: Pedestrian Facilities and Safe Routes to School (conversely, federal funds will focus on the Multiuse Trail and Bicycle Facilities application category). These two application categories are smaller in size and there is an advantage to the region of keeping these projects out of the federal process by only using state funds on them. There is also a wider geographic spread of applicants from across the region and variety of community types that apply for and are funded in the Pedestrian Facilities and Safe Routes to School application categories.

After Active Transportation sales tax funds are expended on the highest scoring projects, TAB may use federal funds to fund further down the Pedestrian Facilities and Safe Routes to School ranked lists or to fund projects that do not meet the additional two requirements for the Active Transportation funds, but still want to be scored and ranked in these two categories.

The Regional Solicitation Evaluation will establish work groups to propose a longer-term approach to best utilize the Active Transportation sales tax funding in the 2026 Regional Solicitation cycle and beyond.



Potential Changes to 2024 Regional Solicitation Qualifying Requirements

Eligibility for Active Transportation Funding (Optional)

1. **Bicycle and Pedestrian Facilities Projects Only:** For projects to be considered for Active Transportation sales tax funds, the project must be included in a municipal or regional nonmotorized transportation system plan (examples may include Safe Routes to School system plan, specific bicycle or pedestrian system plans, Regional Bicycle Transportation Network, Regional Bicycle Barriers Study, Pedestrian Safety Action, Americans with Disabilities Act Transition Plan). List the system plan(s):
2. **Bicycle and Pedestrian Facilities Projects Only:** For projects to be considered for the Active Transportation sales tax funds, briefly discuss related policies and practices that encourage and promote complete streets planning, design, and construction.
3. **Bicycle and Pedestrian Facilities Projects Only:** The applicant should indicate if they would only accept Active Transportation sales tax funds and do not want to be considered for federal funds.
 Check the box to indicate that the applicant would only accept Active Transportation sales tax funds.



Key Discussion Questions

1. As proposed, the first two years of sales tax collections would be utilized in the 2024 Regional Solicitation (approximately \$33 million-\$38 million). The Regional Solicitation Evaluation will have work groups to establish a longer-term approach to best utilize the Active Transportation sales tax funding. Is this the right amount to use this funding cycle? The next cycle will likely need to allocate three years of collections but will have more time to plan for the funds.
2. What do you think of the general approach to assign the sales tax funding as the way to fund Pedestrian Facilities and Safe Routes to School application categories for the 2024 Regional Solicitation, then revisit the approach for the 2026 cycle?
3. As proposed Active Transportation funding could be used for up to 90% of project costs, up to the application maximum award (i.e., \$2 million for Pedestrian Facilities and \$1M for Safe Routes to School). Other options include aligning with the rules of the other federal funding and pay only 80% of eligible costs or alternatively pay 100%?
4. Are the new qualifying requirements clear to applicants or should any edits be made?
5. Are there any other changes that should be made to the Pedestrian Facilities and Safe Routes to School application categories at this time before the release of the 2024 Regional Solicitation application?

