

Information Item

Technical Advisory Committee – Funding and Programming



Meeting date: June 15, 2023

Topic

Regional Transportation Sales and Use Tax Funds 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 \(unofficial\)](#)
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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

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 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 project applicants as part of the 2024 Regional Solicitation and will also be available for active transportation projects that can begin in fiscal years 2025, 2026 and 2027 (Regional Solicitation federal funds are available for fiscal years 2028 and 2029). Applicants with projects that can be implemented within these earlier years are encouraged to apply (though please note that all projects regardless of fiscal year request will continue to be scored and ranked against one another). 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 \$70-\$80 million will be allocated. The new Active Transportation sales tax funds will be considered as being above/added to Bicycle and Pedestrian Facilities federal funds allocated within the federal modal funding ranges.

To be consistent with management of federal funds allocated in the Regional Solicitation, Active Transportation sales tax funds will be available for up to 80% of eligible project costs. A 20% match from other funding sources is required and may include federal funding from outside of the Regional Solicitation. All other applicable Regional Solicitation requirements and rules will apply to this new funding source.

Similar to how specific federal funding is assigned to selected projects in the Regional Solicitation, Active Transportation sales tax funding will be assigned to eligible projects after TAB has approved the final funded project lists for the total Regional Solicitation funding, including the sales tax amount. Active Transportation sales tax funding will be assigned first based on the following factors:

- Active Transportation projects that indicate an earlier program year is feasible (i.e., program years 2025, 2026, or 2027 before program years 2028 and 2029).
- Active Transportation projects with the smallest total project cost (in order to keep small projects out of the federal process).

Potential Changes to 2024 Regional Solicitation Qualifying Requirements

Bicycle and Pedestrian Facilities Projects Only (no check box/optional)

1. 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 (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. 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.

Key Discussion Questions

1. Are the two new qualifying requirements clear to applicants or should any edits be made?
2. Are there other rules or procedures that should be adjusted to best incorporate the new funding source?
3. Available funds as shown in the legislative tracking sheets for fiscal years 2024-2027 total up to \$86 million while fiscal years 2024-2026 total up to \$62M. With the understanding that a fund reserve should be provided for potential variations in collections, what are the committees' thoughts about how much to allocate in the 2024 Regional Solicitation versus hold for future cycles? The language as currently shown indicates TAB will determine the total amount based on actual collections, but that \$70-\$80 million is expected to be allocated and is available for any fiscal year 2025-2029. Under either amount, future Solicitations would continue to have Active Transportation sales tax revenues available in earlier years than are the federal funds, (i.e., the 2026 Solicitation will make sales tax funds available fiscal year 2028 and later, while federal funds will be for fiscal years 2030 and 3031).
4. Should the new Active Transportation funding align with the rules of the other federal funding and pay only up to 80% of eligible costs? Active Transportation funding could be used for 100% of project costs but since Active Transportation sales tax funding will be assigned after overall Solicitation project selection, consistency of the funding share across funding sources would be helpful.
5. What do you think of the general approach to assigning the sales tax funding shown below?
 - Active Transportation projects that indicate an earlier program year is feasible (i.e., program years 2025, 2026, or 2027 before program years 2028 and 2029).
 - Active Transportation projects with the smallest total project cost (in order to keep small projects out of the federal process).
6. The current schedule has Regional Solicitation public comments going directly to TAB on July 19th to consider final approval and release of the application. Is additional technical input needed prior to July 19th on the inclusion of the Active Transportation sales tax funds?

