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S.F. No. 2375 – Replacement Service Program Modifications

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S.F. 2375 moves the replacement service program from the Metropolitan Council to the Department of Transportation. This means that the department will be responsible for providing financial assistance to the replacement service providers (or “opt-out” providers). The statutory language is largely the same but is codified in a new location.

Section 1 (Greater Minnesota transit account) requires the commissioner of management and budget to use a portion of the greater Minnesota transit account for transit operations for the replacement service program.

Section 2 (Metropolitan area transit account) strikes a cross-reference to a section that is repealed in the bill.

Section 3 (Replacement service program) moves the existing replacement service program from the Metropolitan Council to the Department of Transportation.

Subdivision 1 (Program established) establishes the replacement service program within the Department of Transportation. It is a continuation of the previous programs.

Subdivision 2 (Replacement service; eligibility) allows the commissioner to provide assistance to certain cities or towns in the metropolitan area transit taxing district and that have limited or no service by the Metropolitan Council bus service. Eligible cities or towns may apply to participate in the program on behalf of the transit operator with whom they will contract for service. The commissioner must not provide assistance to a city or town unless the town was receiving assistance or had submitted an application or letter of intent by certain dates in the past.

Subdivision 3 (Application for assistance) specifies the information that must be included in an application for assistance under the program.

Subdivision 4 (Financial assistance; base allocation) requires the commissioner to grant assistance if 1) the service replaces the Metropolitan Council's service to the city or town; and 2) the service meets the needs at least as efficiently and effectively as the Metropolitan Council's. The formula for providing assistance is established. The commissioner must pay the assistance from the funds received in the metropolitan area transit account.

Subdivision 5 (Financial assistance; regional allocation) the commissioner must also annually provide finance assistance through regional allocation to replacement service municipalities. The commissioner must establish a process to make this allocation. The commissioner must provide assistance under this subdivision from funds in the transit assistance fund.

Subdivision 6 (Other assistance) allows a city or town receiving assistance or levying a transit tax to also receive assistance from the Metropolitan Council under certain circumstances.

Subdivision 7 (Local levy option) allows a city or town that is eligible for assistance to levy a tax to pay for obligations issued for capital expenditures for transit and other related activities.

Section 4 (Deposit of revenue) amends the allocation of funds deposited into the metropolitan area transit account (from 36% to 31.7%) and the greater Minnesota transit account (from 4% to 8.3%).

Section 5 (Repealer) repeals **section 473.388**, which is the current replacement service program statute.

Section 6 (Effective date) provides that this act is effective July 1, 2021.