Regional Transit Governance & Finance

Metropolitan Council
May 13, 2026

Today’s topics

Agenda

- Presented to Minnesota House Transportation Finance and Policy Committee on April 15, 2026
- Topics
  - Transit governance evolution
  - Transit funding evolution
  - Current transit roles and responsibilities
  - Transit ridership and service levels
  - Transit funding allocations
  - 2023 transportation bill operating cost relief to state and county funding sources
  - Funding balances

Regional Transit Governance Evolution

The Minnesota Legislature has periodically reshaped transit governance for over 50 years

1872-1967

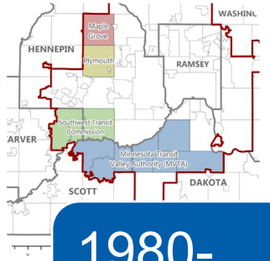
- Private
- Horsecars → streetcars → buses
- Transit businesses funded by fares, land development

1967

- Met Council formed to guide regional growth
- MTC formed to acquire failing private transit systems

1970s

- Significant growth, reinvestment, acquisitions
- Inflation and energy crisis challenges
- Project Mobility begins
- TAB formed



1980-1981

- County Regional Railroad Authorities
- Suburban cities permitted to "opt out" of MTC, keep property tax

1984

- **Regional Transit Board** forms for budgeting, "mid-range" transit planning
- "Opt-out" window closes with twelve replacement service cities

1994

- MTC, RTB, Met Council transit functions consolidated
- Replacement Service Municipalities remain as standalone providers

2008

- Five counties form **CTIB** to advance transitway system
- Dissolved by members in 2017

Regional Transit Funding Evolution

The Minnesota Legislature has periodically reshaped transit finance for over 50 years

1872-1967

- Fares and land speculation fund transit system expansion
- Declining rides, revenues, and asset conditions 1920s-1969
- 1969 strike accelerates public takeover

1970s-2001

- Federal grants fund system acquisition, operating funds 1974-1998
- State funds allocated on “performance” (per-ride) basis
- Property taxes fund transit operations and capital within metropolitan taxing district

2001

- State prohibits property tax for transit operating
- Winding down federal operating assistance
- General fund phase-in and ongoing MVST replaced federal funds and property taxes

Regional Transit Funding Evolution

2003-2008

- 2006 MVST Amendment dedicates auto sales tax to transportation
- Increasing and dedicated, but volatile and underperforming MVST allocation
- County rail operating funding (began 2004)
- State general fund for rail operating (2008)

2008-2023

- CTIB + Counties fund ~50% of transitway operating subsidies
- MVST shortages filled by multiple non-base state general fund appropriations

2020-2023

- Federal COVID operating relief temporarily reduces state general fund reliance
- Conclusion of COVID federal assistance leads to large transit funding gap

2023-2025

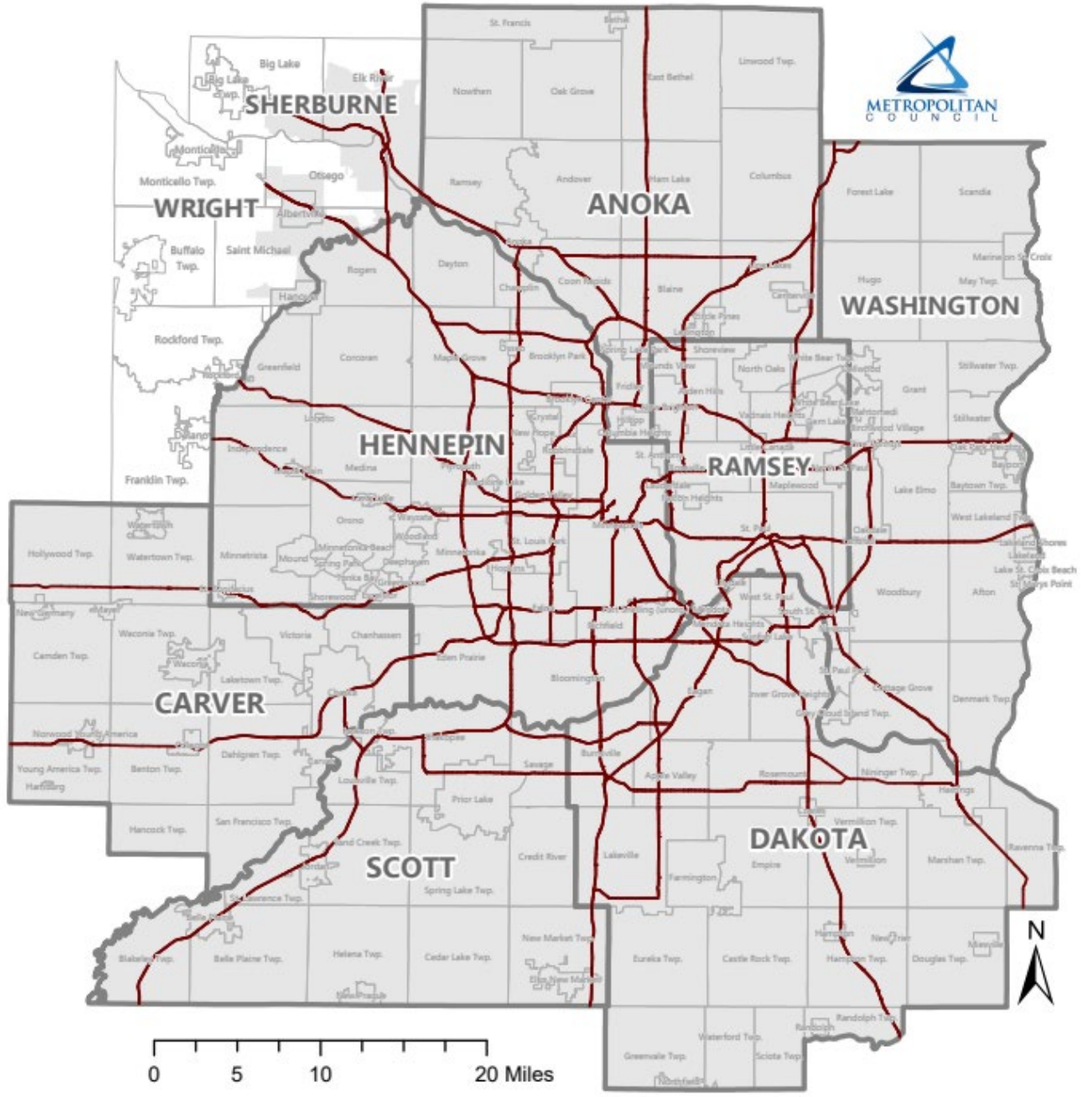
- Regional 0.75% transportation sales tax authorized
  - Replaced county transitway operating funds
  - Reduced state general fund appropriations
- Special Transportation Services Forecast Program (2025)

Current Metropolitan Transit Roles & Funding

Metropolitan Council

Transit Roles

- **Metro Transit**
  - Directly operated bus and rail transit
  - Serves 6 counties, 65 metro area cities
  - Operates Maple Grove Transit express and Northstar bus (Sherburne) services by contract
- **Metropolitan Transportation Services**
  - Metropolitan Planning Organization staff
  - Special Transportation Services
    - Metro Mobility
    - Metro Move
  - Contracted Transit Operations
    - Contracted regular route operations
    - Metro micro (5 zones 2025 → 8 zones 2027)
    - Transit Link (7-Co dial-a-ride service)
- Allocates some transit funding sources regionally



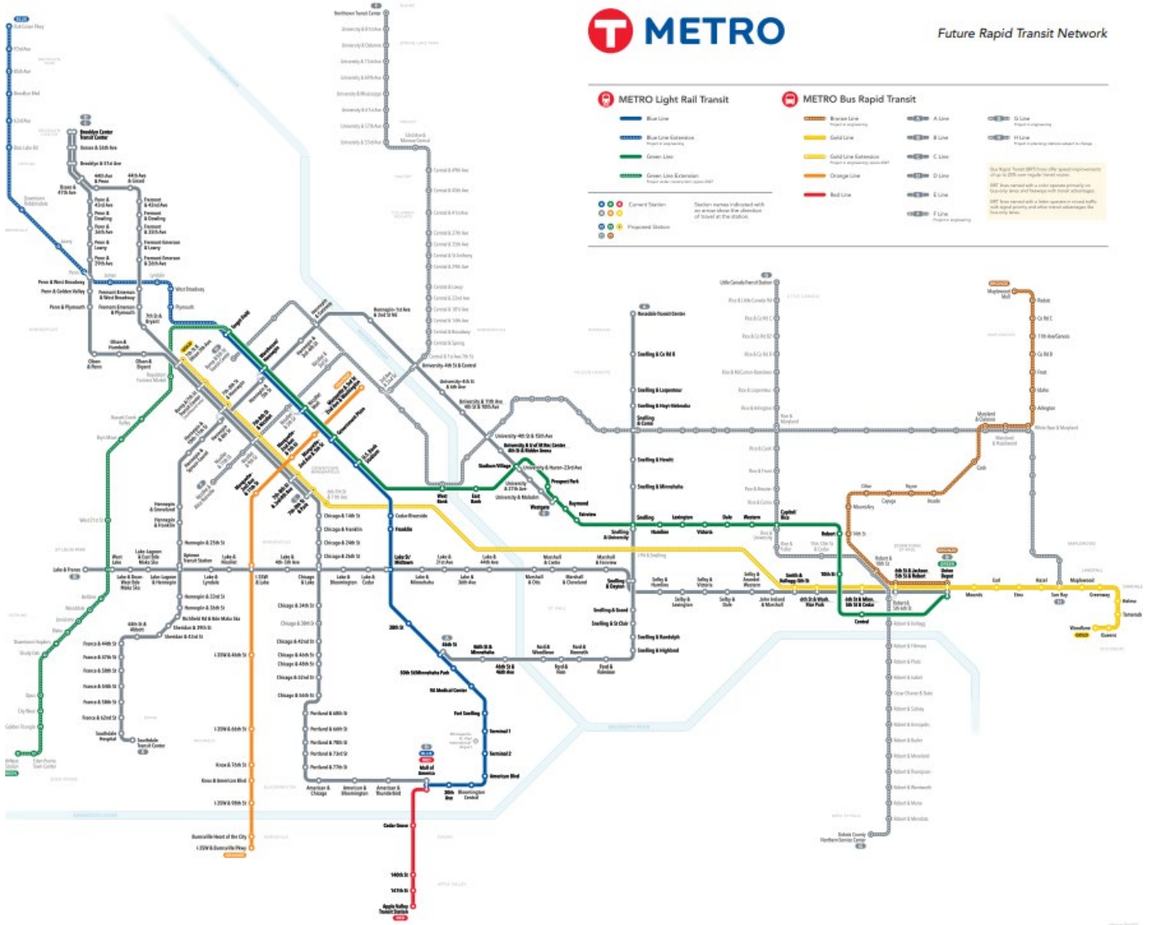
Metropolitan Counties and MnDOT Roles

Counties

- Support mobility management programs especially in rural portions of the region
- Public transit role primarily focused on funding: transitway capital and (until 2023) transitway operating funding assistance to Met Council
  - Regional railroad authority property tax levies
  - Transit-eligible local option (up to 0.5%) transportation sales taxes, wheelage taxes
  - 17% of Sales tax and Transportation Advancement Account funds require transit, complete streets, and GHG offset investments

MnDOT

- Project technical expertise and implementation partner for transitway projects
- Manages federal funding for transportation planning and rural transit

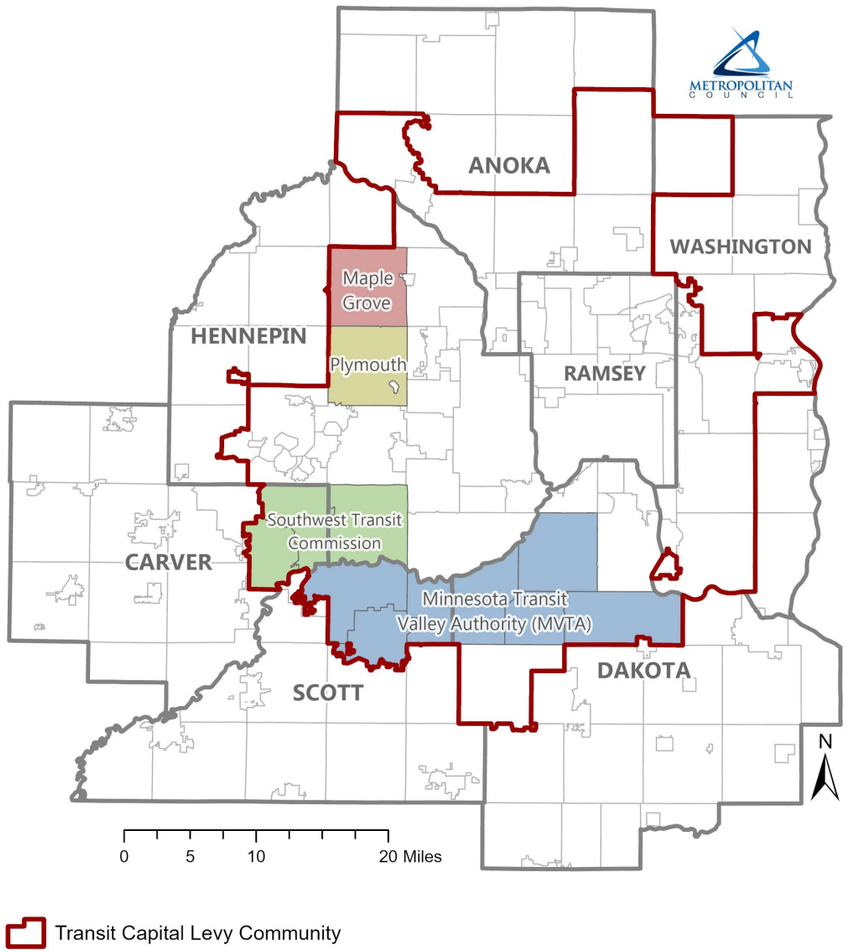


Suburban Transit Providers

Background

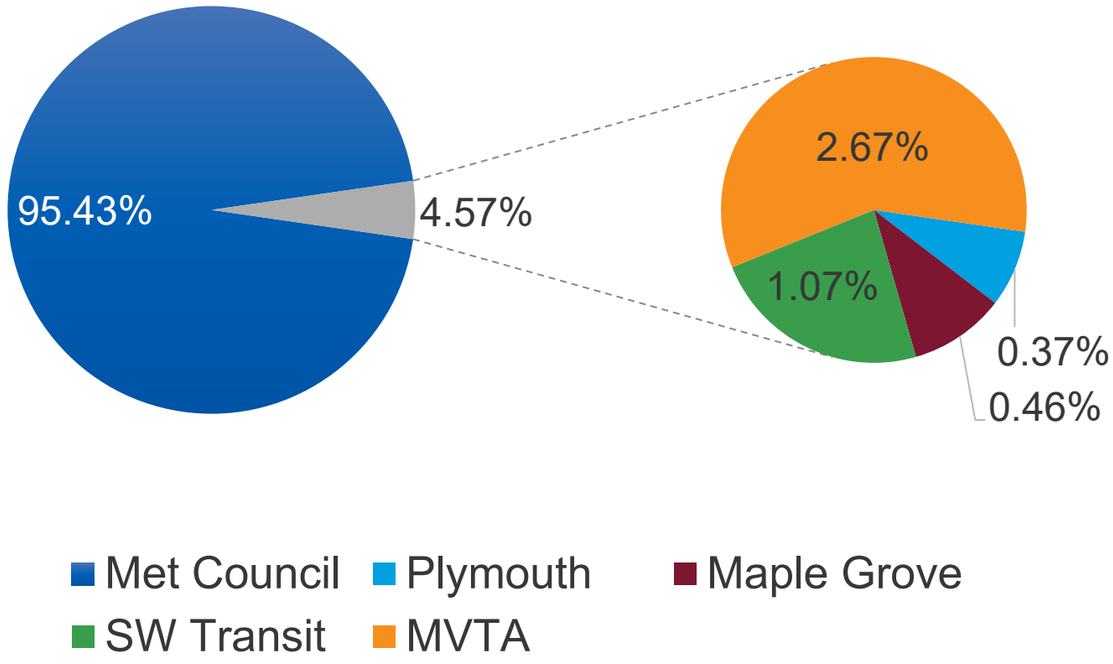
- Replacement Service Municipalities defined in Minnesota Statutes section 473.388, often called “Suburban Transit Providers” (“STPs”)
- Legislature gave temporary permission for cities to “opt out” of Metro Transit’s predecessor in 1980s; at the time property taxes were the primary source of transit operating funds
- 12 cities total; 10 cities operate under joint powers agreements as two transit providers
- Funded by Metropolitan Council primarily through Motor Vehicle Sales Tax (MVST) and sales tax funds through formulas set by state law and by Council policy
- Collectively, these cities comprise around 19% of regional population, 12.5% of MVST funding distributions, and 4.5% of transit ridership

Suburban Transit Providers
May 2025



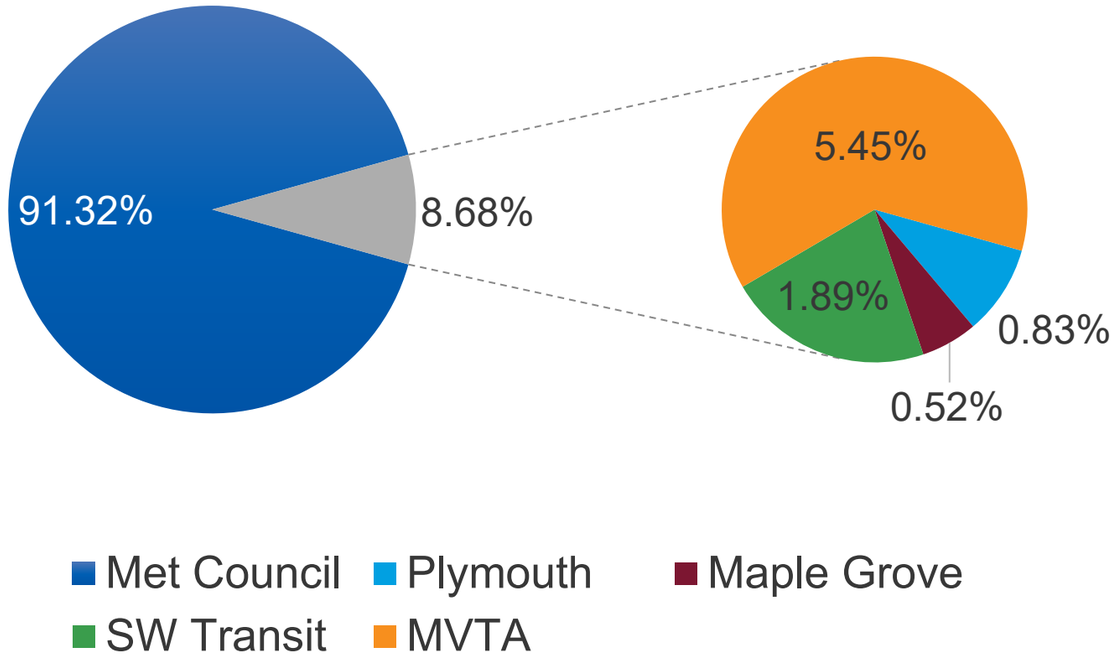
2025 Transit Ridership & Service Hours

2025 Transit Ridership



As reported to FTA National Transit Database with two adjustments
1. 223,901 Maple Grove express rides delivered by Metro Transit shown in MG total
2. Includes 211,255 MVTA rides not reported to NTD (state fair, special event)

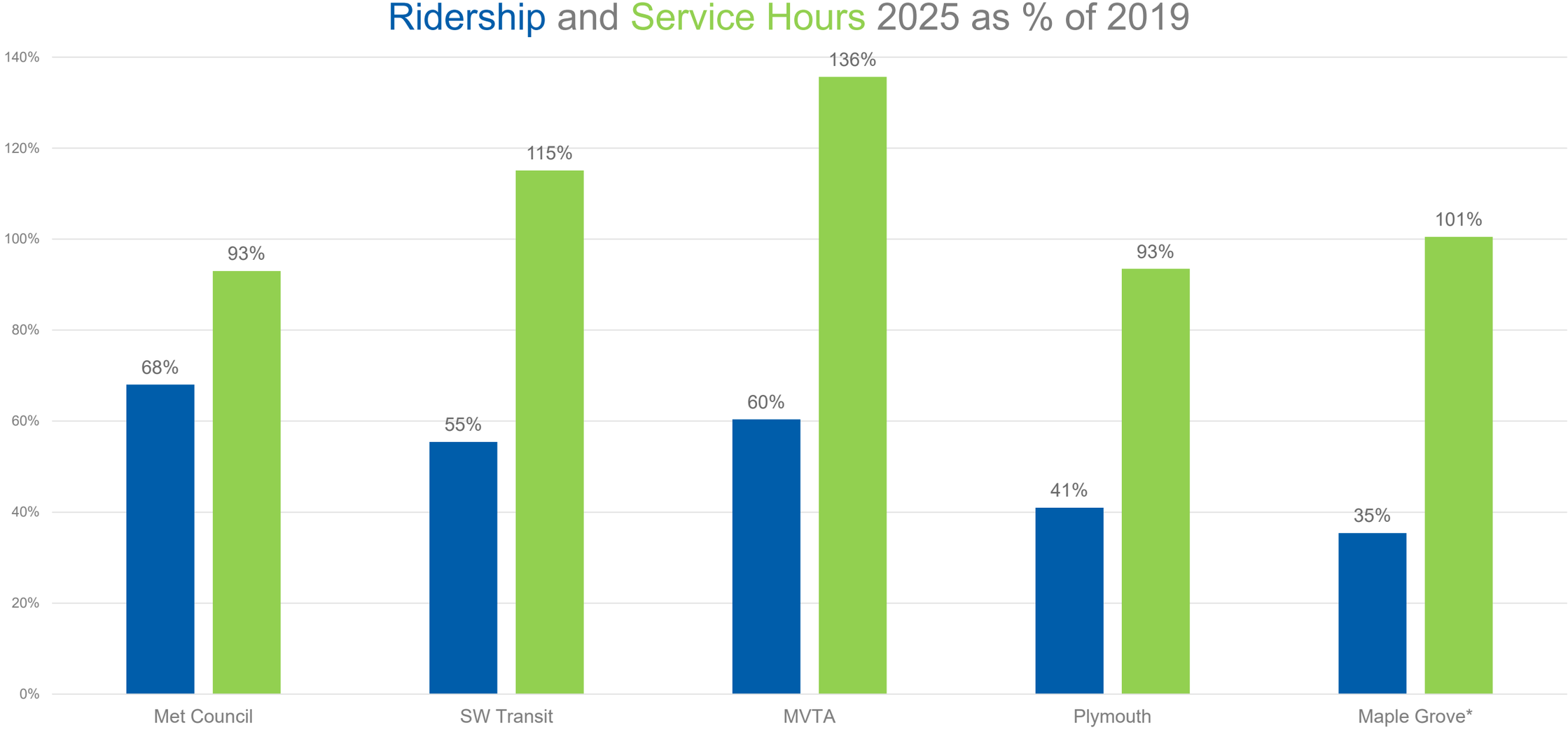
2025 Transit Service Hours



As reported to FTA National Transit Database, Vehicle Revenue Hours
Metro Transit-delivered Maple Grove express service included in Council total hours

Metropolitan Council

2025 Rides/Hours as % of 2019



As reported to National Transit Database (NTD). Includes 211,255 MVTA rides not reported to NTD, Council rides reflect 2025 updated methodology

Council Transit Allocation Policy (CY26)

MVST

- 34.3% of statewide MVST to Metropolitan-area Transit
  - 21.5% allocated by statutory formula of which 17.16% to STPs ($42M)
  - 12.8% allocated by Council policy of which 4.3% to STPs ($6.3M)
- **$48.3M total MVST to STPs** (12.4% of Metropolitan-area MVST revenues)

Regional Sales Tax

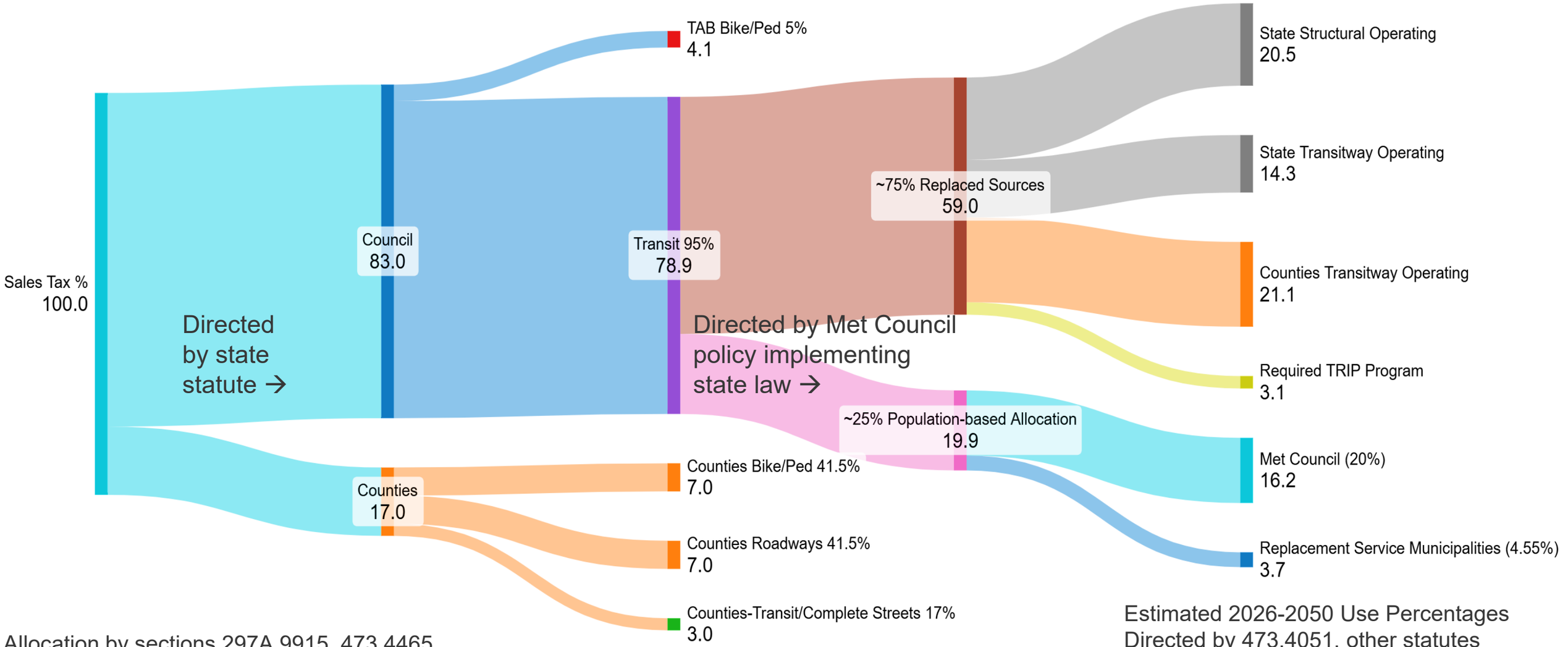
- Replaced state and county transitway operating funds, 25-year projection used for stable allocation
- Remaining funds allocated based on city-level census population (2023-2025 ridership-based funds)
- 4.55% allocation to STPs
  - 54% MVTA, 20% SWT, 14% Plymouth, 12% Maple Grove
- **Est. $20M CY2026**

Other Sources

- Transit debt service levy (RTC) funds allocated per collections, as sales tax, **~$13M annually**
- Federal funds allocated under full federal formula, **~$9.5M annually**
- Other sources as directed by law, including state general fund as applicable
- Providers retain fare revenues, interest, etc.

Adopted September 2025, combined ~$90M funding allocated to Replacement Service Municipalities (STPs) in 2026, and projected $3.75 billion (federal +state +regional sources) 2026-2050 (Feb 2025 basis)

Sales and Use Tax Allocation



Allocation by sections 297A.9915, 473.4465

Estimated 2026-2050 Use Percentages
Directed by 473.4051, other statutes

Sales Tax- Operating Cost Relief

Sales Tax Transit Use Category	Avg. Annual 2026-2030	5-year total ($ millions)
Resolve Structural Operating Deficit	$174	$868
Replace County Transitway Operating Funds	$109	$543
Replace State Transitway Operating Funds	$51	$256
Total Operating Cost Relief, State and County	$333	$1,667
Share of Transit % of Transportation Sales Tax	~72%	

County Transportation Sales Tax- Projected Balances

297A.993 Ending Balances, $Millions	2024 actual	2025 budget	2026 plan	2027 plan	2028 plan	2029 plan	2030 plan
Anoka	$ 28	$ 27	$ 28	$ 24	$ 11	$ 1	$ -
Carver	$ 28	$ 25	$ 20	$ 21	$ -	$ (3)	$ 4
Dakota	$ 94	$ 98	$ 56	$ 53	$ 29	$ 19	$ 26
Hennepin	$ 269	$ 219	$ 309	$ 405	$ 401	$ 555	$ 714
Ramsey	$ 262	$ 314	$ 277	$ 233	$ 213	$ 114	$ 64
Scott	$ 45	$ 19	$ 28	$ 2	$ 7	$ 17	$ 20
Washington	$ (11)	$ (9)	$ (7)	$ (13)	$ (6)	$ 1	$ 3
Total	**$ 714**	**$ 693**	**$ 712**	**$ 725**	**$ 655**	**$ 703**	**$ 831**

Source: March 2026 MnDOT Consolidated Local Transportation Financials Report

Legislative report contains projected revenues, expenditures, balances for four major sources of transportation funding, reporting by several use categories (active transportation, transit, highways, etc), and project information/investments by year as reported by counties to MnDOT for planned transportation investment

Charles Carlson

Executive Director, Metropolitan Transportation Services

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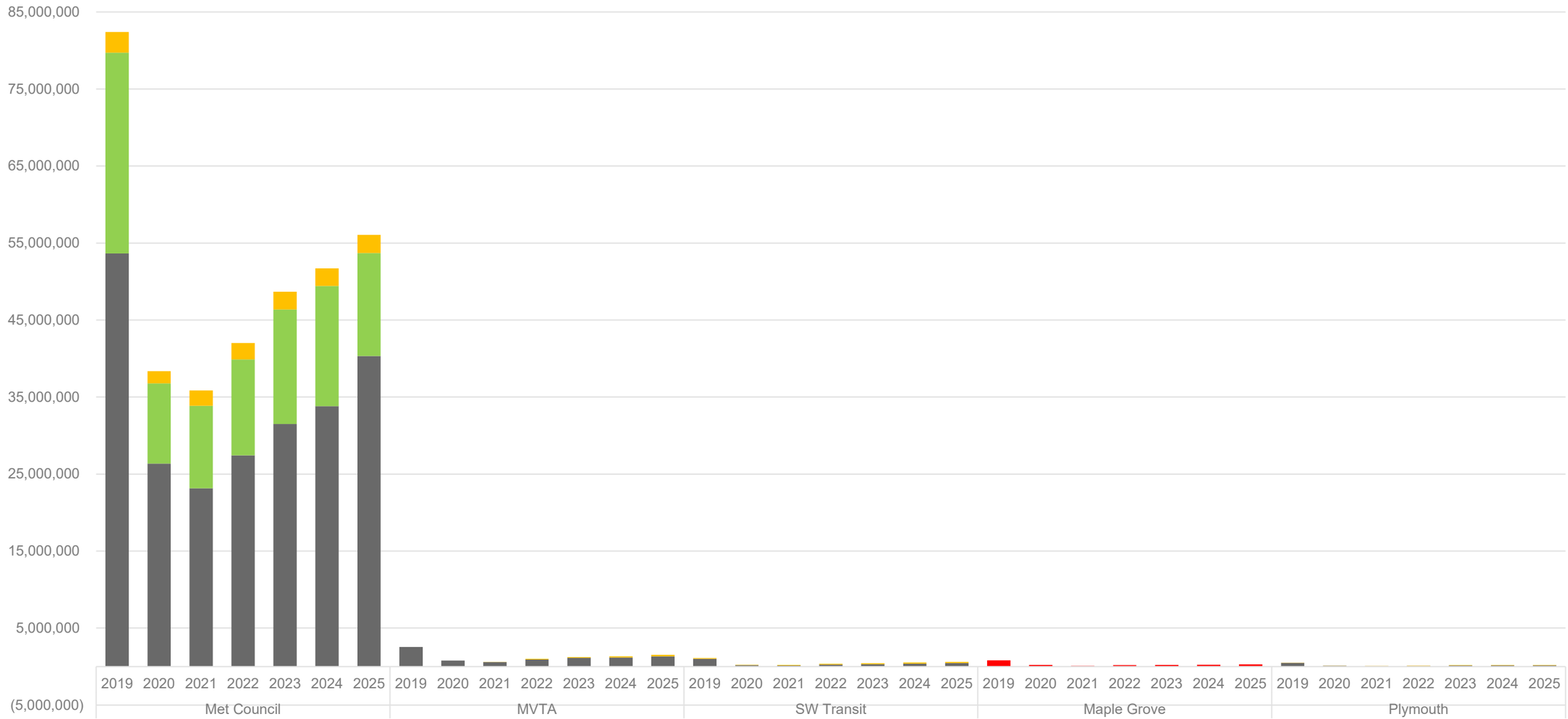
Regional Transit Rides 2019-2025



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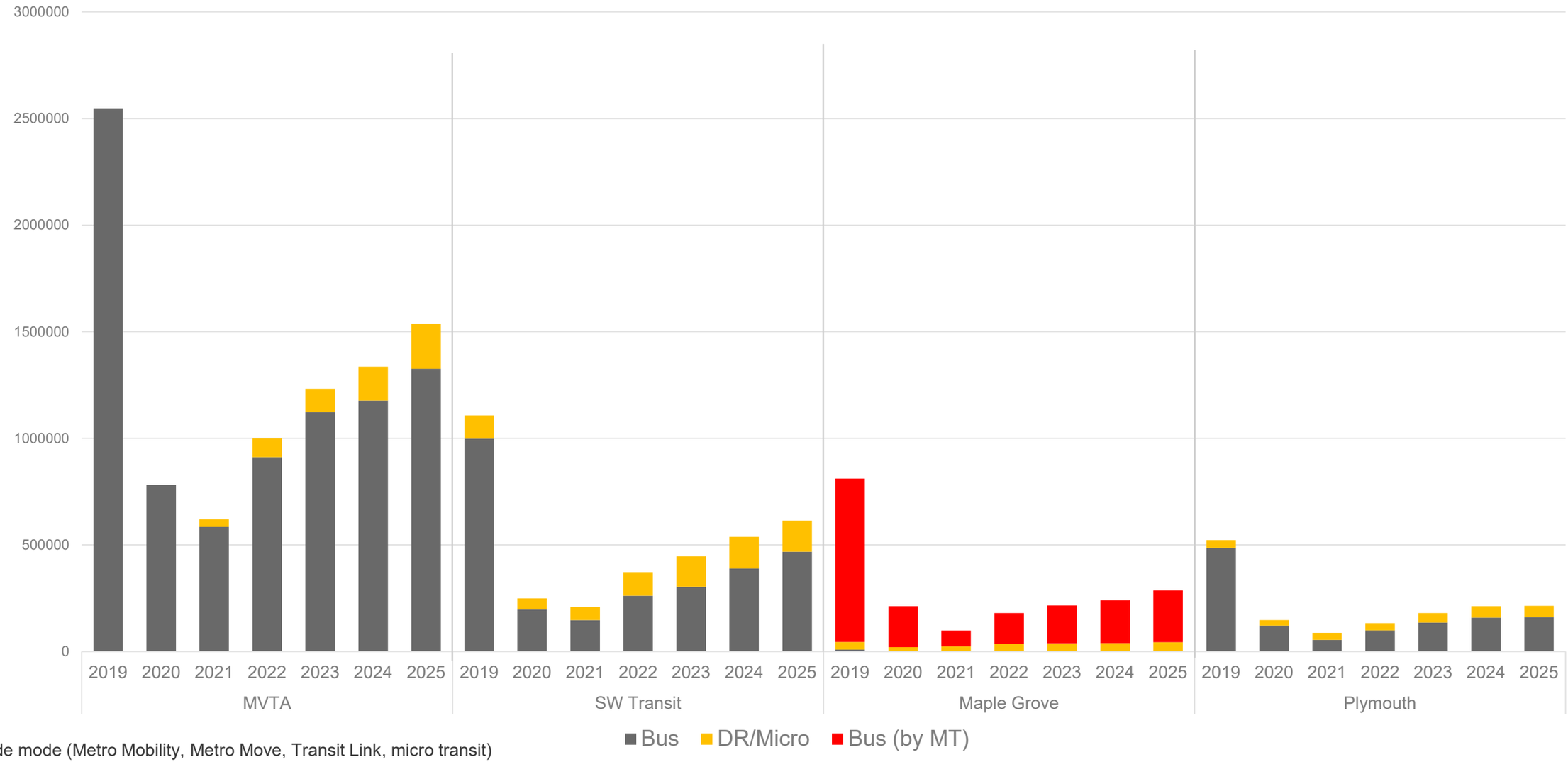
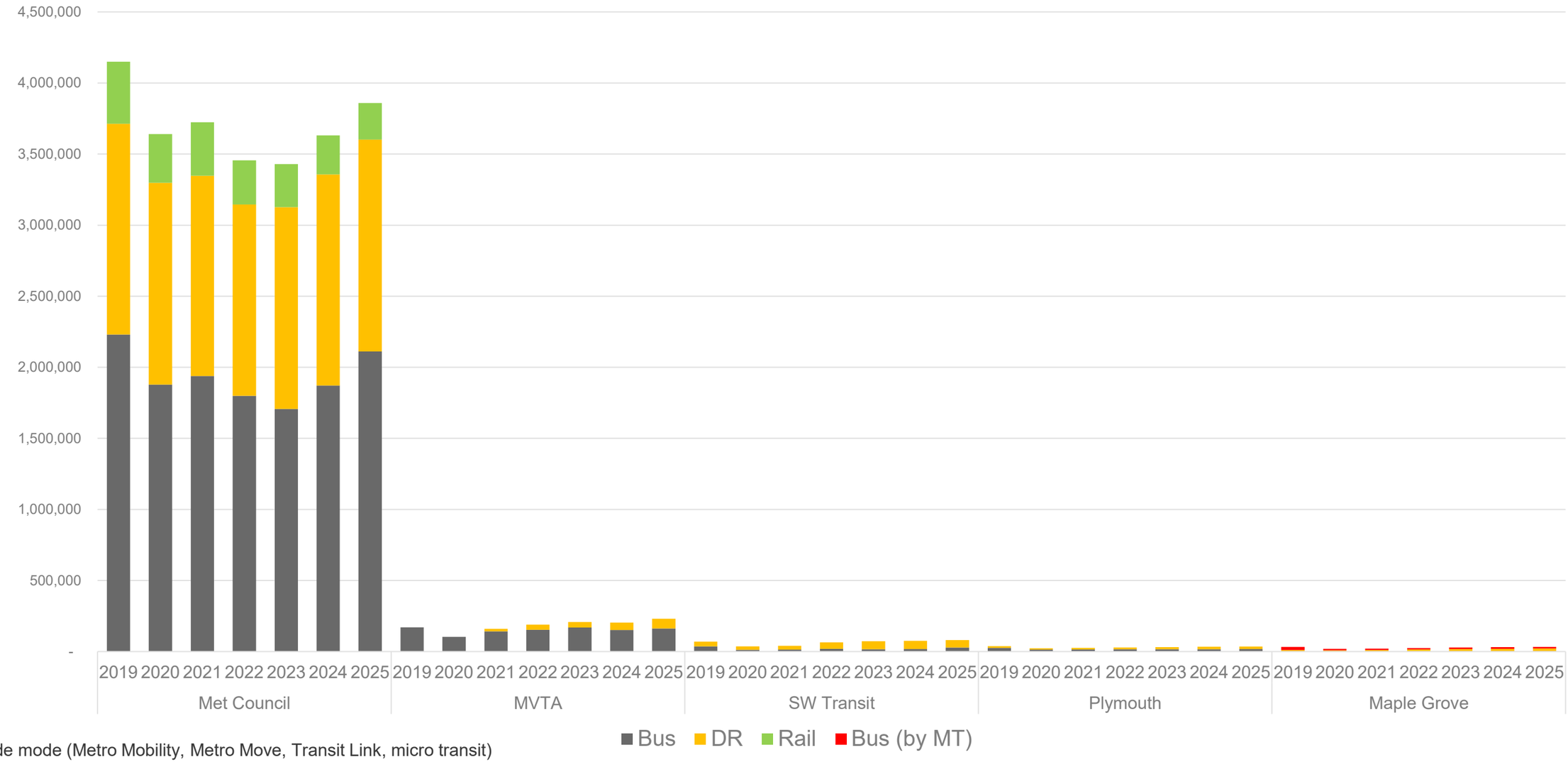
Replacement Service Municipality Rides 2019-2025



DR: dial-a-ride mode (Metro Mobility, Metro Move, Transit Link, micro transit)

Regional Transit Hours 2019-2025



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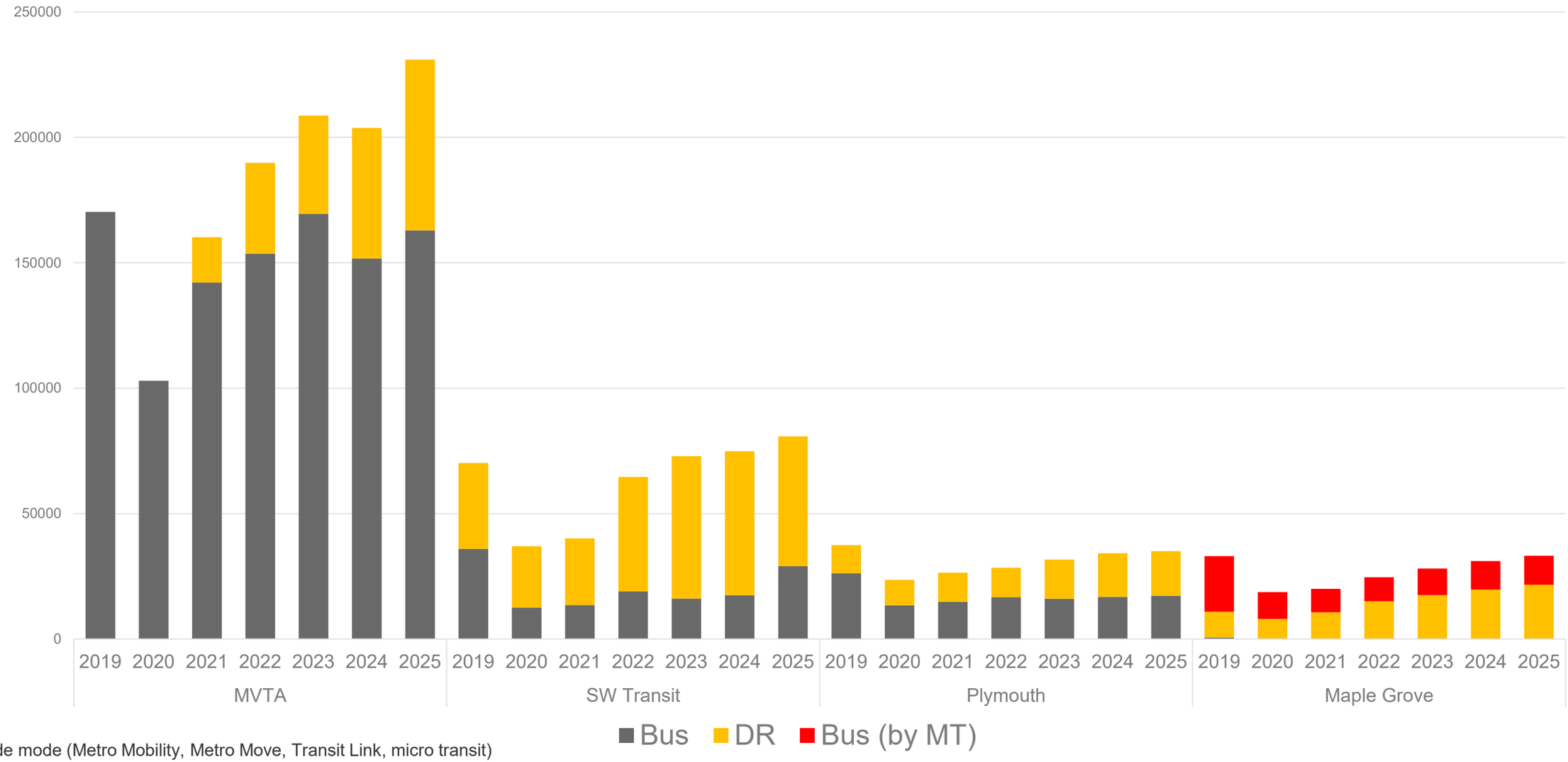
Replacement Service Municipality Hours 2019-2025



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