

## Request for Board Action Details

**File #:** 2022-378

**Type:** Administrative Item      **Status:** Passed

**In control:** Board of Commissioners

**On agenda:** 7/12/2022      **Final action:** 7/12/2022

**Title:** Ramsey County 2022 Counties Transit Improvement Board Funding Obligation

**Sponsors:** Public Works

**Indexes:**

**Code sections:**

**Attachments:** 1. May 11, 2022 Minnesota Department of Revenue Letter to Hennepin County, lead county on behalf of CTIB member county obligations, 2. Resolution

Date	Ver.	Action By	Action	Result
7/12/2022	1	Board of Commissioners	approved	Pass

**Sponsor:** Public Works

**Title**  
Ramsey County 2022 Counties Transit Improvement Board Funding Obligation

**Recommendation**

1. Approve Ramsey County’s share of 2022 Counties Transit Improvement Board funding obligations in the amount of \$186,254 to Minnesota Department of Revenue.
2. Authorize the use of Ramsey County Transit Sales Tax fund balance in the amount of \$186,254 for this funding obligation.

**Background and Rationale**

In 2008, the Counties Transit Improvement Board (CTIB) was created by an act of the Legislature, Minnesota Statutes Section 297A.992, to provide a mechanism for counties of the Metropolitan area to impose a sales tax for transit. The purpose of CTIB was to collect a one-quarter cent transit tax from member counties, and to grant those funds to capital transit projects in the Twin Cities area. Ramsey, Hennepin, Anoka, Dakota, and Washington Counties opted into the arrangement, passed resolutions authorizing a joint powers agreement to establish the CTIB, and began imposing the one-quarter cent sales tax. Carver and Scott counties opted out of the arrangement.

CTIB had independent bonding authority, secured by future revenues of the sales tax, and all counties that joined CTIB were legally bound to keep collecting revenues if they chose to leave CTIB, until all obligations made while they were members are repaid. CTIB was also allowed to secure bonding in excess of its revenues if it did so in cooperation with member counties who chose to use their bonding authority to fund CTIB projects. CTIB had operating agreements with Metro Transit for the operation of light rail and bus rapid transit lines.

At the same time, the legislature authorized all non-metro counties the option of imposing a one-half percent sales and use tax and an excise tax of \$20 per motor vehicle purchased or acquired from any person engaged in the business of selling motor vehicles at retail for transit and transportation projects in Minnesota Statutes Section 297A.993 (the Transportation Tax). This is widely known as the “993” statute. If CTIB dissolved, the

metro counties that were in CTIB would be authorized to proceed under the 993 statute instead of the CTIB statute, continue the vehicle excise tax at the rate of \$20 per vehicle, and impose a one-half percent sales and use tax in lieu of the one-quarter percent sales tax rate currently imposed for CTIB, to support transit and transportation projects, including roads, transit, and trails. The 993 statute requires that counties through a capital improvement plan of projects designate the projects that will be funded by the Transportation Tax.

On March 8, 2017, four member counties of CTIB voted affirmatively to dissolve CTIB: Washington, Ramsey, Hennepin, and Anoka. Dakota County voted against the dissolution. On March 20, 2017, the Ramsey County Board approved resolutions to dissolve CTIB, to approve the Capital Improvement Plan and impose the Transportation Tax, and to enter into a Joint and Cooperative Funding for Certain Transit Projects Agreement with Hennepin County. The Ramsey County Board also approved Resolution B2017-065 that specified that the March 20, 2017 resolutions were contingent upon the other four CTIB counties voting to dissolve CTIB by March 31, 2017. The contingency was not satisfied and Resolution B2017-065 required that the related actions return to the Ramsey County Board for approval, including those to dissolve CTIB and assuring that the CTIB commitments and obligations are met to the extent they are the responsibility of Ramsey County.

On May 31, 2017, all five member counties of CTIB voted affirmatively to dissolve CTIB and establish a reserve account in the amount of \$3,719,500 to fund existing obligations (CTIB Resolution 32-2017). Up to this point, payments to fund existing obligations has been made wholly from this fund.

On June 13, 2017, the Ramsey County Board approved Resolution B2017-142 that agreed to the termination of the Joint Powers Agreement to dissolve CTIB, Resolution B2017-143 to impose a transportation tax, and Resolution B2017-144 to approve an agreement for joint and cooperative funding for certain transit projects. Ramsey County agreed to assume the proportionate share of CTIB funding commitments, including the obligation to pay Ramsey County's proportionate share of any CTIB obligations to the Minnesota Department of Revenue to the extent that the CTIB reserve account becomes insufficient to cover those obligations.

No previous Ramsey County CTIB obligations payment occurred because payment of obligations was previously made from the CTIB reserve account. The CTIB reserve account is now fully expended.

For 2022, the CTIB reserve account has a balance of \$194,634. As a result, the Minnesota Department of Revenue has requested payment from the former CTIB member counties to cover the remaining balance to settle the existing CTIB funding obligations that total \$1,300,000. Ramsey County's proportional share of that amount is \$186,254 or roughly 17%; the breakdown for all counties is shown below. With the CTIB reserve account fully expended in 2022, payment of CTIB funding obligations to the Minnesota Department of Revenue is expected for state 2023.

<u>County</u>	<u>Amount</u>	<u>Percentage</u>
Anoka	\$ 94,288	8.53
Dakota	\$ 146,019	13.21
Hennepin	\$ 613,147	55.47
Ramsey	\$ 186,254	16.85
Washington	\$ 65,659	5.94
<b>Total</b>	<b>\$1,105,366</b>	<b>100</b>

**County Goals** (Check those advanced by Action)

- Well-being       Prosperity       Opportunity       Accountability

**Racial Equity Impact**

Ramsey County has imposed a one-half of one percent sales and use tax and a \$20 motor vehicle excise tax for transportation purpose in order to develop transit projects along corridors that better meet the needs of our diverse communities. Ramsey County is the most racially and ethnically diverse county in the state of Minnesota. Improved transportation options will benefit all residents of the county, including communities of

color in Ramsey County who are more likely to benefit from increased investments in transportation projects that prioritize Ramsey County's All Abilities Transportation Network policy.

### Community Participation Level and Impact

The communities involved include the former member CTIB counties of Anoka, Dakota, Hennepin, Ramsey and Washington. All five counties formally agreed to dissolve CTIB in 2017 and assume payment of CTIB obligations. Since the dissolution of CTIB, Ramsey County has approved a one-half cent sales tax for transit projects to better meet the needs of Ramsey County communities.

Inform       Consult       Involve       Collaborate       Empower

### Fiscal Impact

Fund balance in the amount of \$186,254 is available in the Ramsey County Transit Sales Tax budget to fund payment to Minnesota Department of Revenue for Ramsey County's share of 2022 CTIB obligations.

### Last Previous Action

None.

### Attachments

1. May 11, 2022 Minnesota Department of Revenue Letter to Hennepin County, lead county on behalf of CTIB member county obligations