

Shared Mobility Review – MN Transportation Omnibus Bill

The 2023 Minnesota Transportation Omnibus was signed into law on May 24, 2023.

The Transportation Omnibus contains a wide variety of policies and funds that affect shared mobility. This document identifies, and in places offers brief explanations of, the provisions that most directly affect shared mobility. Together, these provisions help move Minnesota closer to being a place where everyone can get around safely, affordably, and sustainably.

The Minnesota Shared Mobility Collaborative is sharing this review to increase awareness and understanding of these changes and new programs.

Authors: Mike Lund, Metro Cities and Meredith Klekotka, Metro Transit

June, 2023

Link to language: [Chapter 68](#)

Link: [Budget Tracking Spreadsheet](#)

1. Statutory Definitions

- a. Under “Electric-assisted bicycle” (Sec.42) add the requirement as follows:
 - i. Has a battery or electric drive system that has been tested to an applicable safety standard by a third-party testing laboratory
 - ii. Other requirements include >28MPH speed limits, has a saddle, is fully operable pedals for human propulsion, and has an electric motor that has a power output of not more than 750 watts
- b. Under “Mini truck” add “Micromobility device” definition as follows:
 - i. A vehicle that:
 1. is capable of:
 - a. (i) being propelled solely by human power;
 - b. (ii) being powered solely by an electric motor drawing current from rechargeable storage batteries, fuel cells, or other portable sources of electrical current; or
 - c. (iii) both (i) and (ii);
 2. when solely powered by an electric motor, is not capable of propelling the vehicle at a speed greater than 30 miles per hour on a paved level surface; and
 3. has an unloaded weight of up to 500 pounds.
 - ii. Micromobility device includes a bicycle, a motorized foot scooter, and an electric personal assistive mobility device. Micromobility device includes a motorized bicycle that meets the requirements of this definition.

- c. Micromobility facilities (applies to ROW uses only)
 - i. For purposes of the ROW advertisement subdivision, "micromobility facility" means an installation for micromobility devices as defined in section 169.011, subdivision 40b, whether for personal use or shared mobility services, that provides one or more of the following: a rack or docking station, a battery charging or swapping station, or a storage facility.

2. Funding

- a. Regional Transportation Sales and Use Tax: A 0.75% sales tax imposed within the seven-county metropolitan area. Of this revenue, 83% of the revenue is allocated to the Met Council (an estimated \$300.3 million in FY24) and 17% of the revenue to the seven metropolitan counties (an estimated \$61.5 million in FY24). Of the 83%:
 - i. Met Council must allocate 5% of sales tax revenue for active transportation
 - ii. Met Council must use 95% of sales tax for transit system purposes including:
 - 1. Transit shelter replacements and improvements (does not exclude use for mobility hubs)
 - 2. Demand response microtransit service provided by the Council (*e.g.* microtransit)
 - 3. Financial assistance to political subdivisions and tax-exempt organizations under section 501(c)(3) of the Internal Revenue Code for active transportation
- b. Increases to the Motor Vehicle Sales Tax (MVST) rate from 6.5% to 6.875%
 - i. The distribution formula is also changed to:
 - 1. 60% to the Highway User Tax Distribution Fund (increase of \$31 million with higher rate).
 - 2. 34.3% to the Metropolitan Transit Assistance Account (receiving a smaller percentage of total MVST revenue but with higher rate Metro area transit will see a small bump in funding; \$930,000).
 - 3. 5.7% to the Greater Minnesota Transit Assistance Account (receiving an additional \$19.7 million with the formula change and rate increase).
- c. Transportation Advancement Account (Sec. 17)
 - i. Funding Origins of TAA: New Retail Delivery Fee Tax and existing Tax on auto parts. The percentage of auto parts revenue directed to the TAA grows each year until 56.5% in FY33.
 - ii. Special Revenue fund for metropolitan counties (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington) where up to 17% can be used for:
 - 1. transit purposes, including but not limited to operations, maintenance, capital maintenance, demand response service (*i.e.*, microtransit), and assistance to replacement service providers under section 473.388;
 - 2. complete streets projects, as provided under section 174.75; and
 - 3. projects, programs, or operations activities that meet the requirements of a mitigation action under section 161.178, subdivision 4.

- iii. 15% of the Transportation Advancement Account is transferred into a newly established Larger Cities Assistance Account for cities over 5,000 in population. These funds are flexible and unlike Municipal State Aid Streets funding, could be used on any transportation-related activities within a city including shared mobility projects or local match for state and federal grant opportunities.
- d. Removal of the 9.2% rental car tax for non-profit carshare providers. Includes but is not limited to Evie Carshare and HOURCAR.
- e. Appropriation
 - i. \$250K to City of Rochester (FY2024-2025) for demand response transit service using electric transit vehicles. The money is available for:
 - 1. mobile software application development;
 - 2. vehicles and equipment, including accessible vehicles;
 - 3. associated charging infrastructure; and
 - 4. capital and operating costs.
 - ii. Electric Assisted Bicycle Rebate (Art. 4, Sec. 78)
 - 1. One-time appropriation of \$4M available FY24-FY26 for subsidizing new e-bikes for qualifying individuals.
 - 2. Retailers apply to be certified and individuals must apply for their rebate through the MN Dept. of Revenue.
 - 3. Amount of rebate is based on an individual's income. The maximum rebate will cover 75% of the bicycle up to \$1,500. Income limits apply.
 - 4. Retailers will be responsible for filing with DOR to be credited with the refund.
 - 5. For more information, please see BikeMN's analysis:
<https://www.bikemn.org/new-e-bike-rebate/>
 - iii. Rice Street Capitol Area Redesign
 - 1. One-time appropriation of \$25M from the general fund for planning, predesign, design, engineering, environmental analysis and mitigation, land acquisition, and reconstruction of Rice Street from West Pennsylvania Avenue to John Ireland Boulevard
 - 2. The project must establish a **multimodal hub** in the vicinity of Rice Street and University Avenue
 - iv. New state fund to support carsharing in disadvantaged communities
 - 1. \$500,000 is appropriated from the Trunk Highway Fund for grants to nonprofit organizations or carsharing operators to support the growth of carsharing in disadvantaged communities.
 - 2. Grants can be used for capital and operational costs.
 - 3. Eligible recipients must be based in Minnesota and preference will be given to nonprofit carsharing operators. (Transportation Management Organizations are not eligible for these grants).

3. Funding Restrictions

Commissioner may not use funds from the highway user tax distribution fund or the trunk highway fund for the installation, construction, expansion, or maintenance of public electric vehicle infrastructure.

4. Right of Way Uses

- a. Advertising, public art, and informational signage is allowed on:
 - i. Micromobility facilities whether for personal use or shared mobility services if:
 - 1. It's permitted by the roadway authority and doesn't have unsafe installation
 - 2. It provides one or more of the following: a rack or docking station, a battery charging or swapping station, or a storage facility.
 - ii. Shared electric vehicle facilities if:
 - 1. The facility is permitted by the roadway authority, the road authority has recommended and authorized the placement of advertisements/art/signage, and it doesn't create an unsafe situation.
 - 2. For the purposes of this subdivision, "shared electric vehicle facility" is defined as an installation for one or more parking spaces that is: established as part of a shared mobility service; identified for use by all-electric vehicles; and equipped to recharge an all-electric vehicle, recharge an all-electric vehicle energy storage device, or provide for swapping an all-electric vehicle battery.

5. Fees

Retail Delivery Fees

- a. A \$0.50 fee is imposed on each retailer transaction that equals or exceeds \$100 before tax for retail delivery in Minnesota. The retailer may, but is not required to, collect the fee from the purchaser.
- b. There are many nuances here, please refer to Section 9 for more information.
- c. Funds will be deposited into a Transportation Advancement Account (TAA) available for flexible transportation projects.
- d. This fee is estimated to raise \$59 million in FY25, \$64.8 million in FY26, and \$65.3 million in FY27.

6. Microtransit Service

Met Council must use sales tax revenue to provide financial assistance to opt-out transit service providers for improvements to their demand response transit service in FY 2024 including

- a. \$2,300,000 to Minnesota Valley Transit Authority for vehicle costs;
- b. \$3,500,000 to Minnesota Valley Transit Authority for infrastructure and other capital costs;

- c. \$3,000,000 to SouthWest Transit for vehicle costs, infrastructure, and other capital costs, and
 - d. \$200,000 to Maple Grove Transit for vehicle costs.
7. New roadway expansion project requirements
- a. Applies to reconstruction and new construction of major trunk highway projects
 - b. Requires a transportation greenhouse gas emissions impact assessment
 - c. If projects don't meet GHG emissions targets or VMT reduction targets, they must take a mitigation action including:
 - i. Transit expansion or transit service improvements
 - ii. Active transportation infrastructure
 - iii. Micromobility infrastructure and service, including but not limited to shared vehicle services;
 - iv. Transportation demand management, including but not limited to vanpool and shared vehicle programs, remote work, and broadband access expansion;
 - v. Many other actions are eligible not related to shared mobility or services, please refer to bill for more information
8. GHG Impact Mitigation Working Group

By 8/1/23, the MNDOT Commissioner must convene this group to assist with the:

- a. Development of a process for GHG impact assessment under Minnesota Statutes, section 161.178 (roadway expansion projects or reconstruction);
 - b. Development of an impact mitigation plan;
 - c. Consideration of options related to funding greenhouse gas emissions mitigation activities in conjunction with transportation capacity expansion projects; and
 - d. Consideration of options for alternative mitigation options.
9. Study on Post-COVID Pandemic Public Transportation

Using existing resources, the Metropolitan Council must arrange and pay for a study by the Center for Transportation Studies at the University of Minnesota that examines public transportation after the COVID-19 pandemic is substantially curtailed in the United States

Transit Review

Transit is the most widely used form of shared mobility.

For how the Transportation Omnibus will affect transit in the Twin Cities Region in both budget and policy changes, please see the Met Council's presentation [here](#).

For transit in Greater Minnesota, the Minnesota Public Transit Association gives this useful summary:

For Greater Minnesota Transit, the omnibus transportation funding bill – [Chapter 68](#) – includes a one-time general fund appropriation of \$40 million over the base general fund appropriation to match IJA funds and allow a temporary reduction in the local match requirement. **The biggest impact is the increase in MVST. The rate of the tax was increased from 6.5% to 6.875% and the distribution of the funds was changed from the current 36/4% split between Metropolitan Area Transit and Greater MN Transit to 34.3/5.7% split.** This provides a significant boost in ongoing, dedicated revenue for transit outside the 7-county metro area. MPTA worked hard throughout the session to highlight the funding challenges that all transit systems face and the need for ongoing funding increases. MPTA also heard from members that going back to the full local match requirement right away was problematic. The legislation that passed will allow systems to ease back to the local match level required before the pandemic. (<https://www.mpta-transit.org/sites/mpta/files/uploads/2023-06/June.pdf>)