

**SENATE  
STATE OF MINNESOTA  
NINETY-SECOND SESSION**

**S.F. No. 75**

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DATE  
01/14/2021

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Introduction and first reading  
Referred to Transportation Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to public transit; establishing a statewide 25 cent fare for public transit;  
1.3 requiring a study on eliminating public transit fares; requiring a report;  
1.4 appropriating money; amending Minnesota Statutes 2020, sections 174.23, by  
1.5 adding a subdivision; 473.388, by adding a subdivision; 473.408, by adding a  
1.6 subdivision; repealing Minnesota Statutes 2020, section 473.408, subdivisions 2,  
1.7 2a, 2b.

1.8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.9 Section 1. Minnesota Statutes 2020, section 174.23, is amended by adding a subdivision  
1.10 to read:

1.11 Subd. 10. Fares. The commissioner of transportation shall require each transit service  
1.12 provider that receives financial assistance pursuant to sections 174.21 to 174.27 to establish  
1.13 and enforce a maximum fare of 25 cents for all transit system rides.

1.14 Sec. 2. Minnesota Statutes 2020, section 473.388, is amended by adding a subdivision to  
1.15 read:

1.16 Subd. 9. Fares. A replacement service provider must establish and enforce a maximum  
1.17 fare of 25 cents for all bus transit routes. The provider may provide services for reduced or  
1.18 free rates as provided in section 473.408.

2.1 Sec. 3. Minnesota Statutes 2020, section 473.408, is amended by adding a subdivision to  
2.2 read:

2.3 Subd. 2c. **Fares.** The Metropolitan Council must establish and enforce a maximum fare  
2.4 of 25 cents for all bus and light rail transit services in the metropolitan area. The council  
2.5 may provide services for reduced or free rates as provided in this section.

2.6 Sec. 4. **LEGISLATIVE FINDINGS AND PURPOSE; FARE ELIMINATION STUDY**  
2.7 **AND REPORT.**

2.8 Subdivision 1. **Legislative findings and purpose.** (a) The legislature finds it is in the  
2.9 public interest to address traffic congestion and reduce harmful vehicle emissions by  
2.10 increasing transit ridership. Research has shown that decreasing or eliminating transit fares  
2.11 increases ridership and that increasing transit fares decreases ridership. Increasing transit  
2.12 ridership through reducing or eliminating fares is likely the most cost-effective means to  
2.13 address overall traffic congestion in the metropolitan area and to address transportation  
2.14 needs for people in cities throughout Minnesota.

2.15 (b) Passenger fares currently cover only a fraction of total transit costs. Consequently,  
2.16 decreasing or eliminating fares has a relatively low impact on overall transit budgets.

2.17 (c) The significant ridership increase resulting from decreasing or eliminating fares  
2.18 would likely lead to more frequent service and the addition of transit routes, thereby making  
2.19 transit a viable option for an increased number of people and further increasing ridership.

2.20 (d) Dramatically decreasing or eliminating transit fares uses market incentives to add  
2.21 ridership and increase the efficiency and cost-effectiveness of Minnesota's overall  
2.22 transportation system. A significant increase in transit ridership would reduce traffic  
2.23 congestion at a lower cost than other transportation improvements while saving money for  
2.24 many low-income riders.

2.25 Subd. 2. **Fare elimination study.** By January 15, 2023, the commissioner of  
2.26 transportation, in coordination with the Metropolitan Council, must submit a report to the  
2.27 chairs and ranking minority members of the legislative committees with jurisdiction over  
2.28 transportation policy and finance. The report must include, at a minimum:

2.29 (1) the estimated costs of eliminating fares on public transit across the state;

2.30 (2) an analysis of whether eliminating fares on public transit would reduce traffic  
2.31 congestion and vehicle emissions;

2.32 (3) an analysis of whether eliminating fares on public transit would increase ridership;

3.1 (4) a discussion of other benefits or drawbacks of eliminating fares on public transit;  
3.2 and

3.3 (5) a recommendation on whether public transit fares should be eliminated.

3.4 **Sec. 5. APPROPRIATION; METROPOLITAN COUNCIL.**

3.5 (a) \$..... in fiscal year 2022 and \$..... in fiscal year 2023 are appropriated from the  
3.6 general fund to the Metropolitan Council for metropolitan transit to replace revenue lost by  
3.7 lower fares.

3.8 (b) \$..... in fiscal year 2022 and \$..... in fiscal year 2023 are appropriated from the  
3.9 general fund to the Metropolitan Council for the increased incremental costs of providing  
3.10 transit service to additional transit riders.

3.11 **Sec. 6. APPROPRIATION; DEPARTMENT OF TRANSPORTATION.**

3.12 (a) \$..... in fiscal year 2022 and \$..... in fiscal year 2023 are appropriated from the  
3.13 general fund to the commissioner of transportation to provide assistance to greater Minnesota  
3.14 transit systems described in section 1 to replace revenues lost by lower fares.

3.15 (b) \$..... in fiscal year 2022 and \$..... in fiscal year 2023 are appropriated from the  
3.16 general fund to the commissioner of transportation to provide assistance to greater Minnesota  
3.17 transit systems described in section 1 to pay for increased incremental costs of providing  
3.18 service to additional transit riders.

3.19 (c) \$..... in fiscal year 2022 is appropriated from the general fund to the commissioner  
3.20 of transportation for the report required by section 4.

3.21 (d) The appropriations in this section are in addition to assistance provided by, and not  
3.22 subject to the limitations of, the public transit participation program.

3.23 **Sec. 7. REPEALER.**

3.24 Minnesota Statutes 2020, section 473.408, subdivisions 2, 2a, and 2b, are repealed.

**473.408 FARE POLICY.**

Subd. 2. **Fare policy.** (a) Fares and fare collection systems shall be established and administered to accomplish the following purposes:

(1) to encourage and increase transit and paratransit ridership with an emphasis on regular ridership;

(2) to restrain increases in the average operating subsidy per passenger;

(3) to ensure that no riders on any route pay more in fares than the average cost of providing the service on that route;

(4) to ensure that operating revenues are proportioned to the cost of providing the service so as to reduce any disparity in the subsidy per passenger on routes in the transit system; and

(5) to implement the social fares as set forth in subdivision 2b.

(b) The plan must contain a statement of the policies that will govern the imposition of user charges for various types of transit service and the policies that will govern decisions by the council to change fare policy.

Subd. 2a. **Regular route fares.** The council shall establish and enforce uniform fare policies for regular route transit in the metropolitan area. The policies must be consistent with the requirements of this section and the council's transportation policy plan. The council and other operators shall charge a base fare and any surcharges for peak hours and distance of service in accordance with the council's fares policies. The council shall approve all fare schedules.

Subd. 2b. **Social fares.** For the purposes of raising revenue for improving public safety on transit vehicles and at transit hubs or stops, the council shall review and may adjust its social fares as they relate to passengers under the age of 18 during high crime times provided that the increased revenues are dedicated to improving the safety of all passengers.