

the apprehension or conviction of criminal suspects and that satisfies section 4 shall not be required to include in its annual report the financial statement described in subdivisions 2 and 3, and notwithstanding subdivision 2, its annual report may be executed by the mayor, city manager, or chief of police of the municipality, if any, with which the organization is primarily associated.

Sec. 4. Minnesota Statutes 1980, Section 309.53, is amended by adding a subdivision to read:

Subd. 7. Section 3 applies to an organization whose financial statement described in subdivisions 2 and 3 has been audited and reported on by a certified public accountant and made available with the accountant's report for inspection by its members and by the mayor, city manager, or chief of police of the municipality, if any, with which the organization is primarily associated, and whose annual report contains a certificate of compliance with this subdivision.

Sec. 5. Minnesota Statutes 1980, Section 309.532, is amended by adding a subdivision to read:

Subd. 7. This section shall not apply to the failure of a charitable organization that is organized and operated primarily for the purpose of offering and paying rewards for information leading to the apprehension or conviction of criminal suspects to file any registration statement or annual report due before August 1, 1982, if the organization files a registration statement on or before that date which satisfies section 309.52.

Sec. 6. Minnesota Statutes 1980, Section 309.534, is amended by adding a subdivision to read:

Subd. 3. This section shall not apply to the failure of a charitable organization that is organized and operated primarily for the purpose of offering and paying rewards for information leading to the apprehension or conviction of criminal suspects to file any registration statement or annual report due before August 1, 1982, if the organization files a registration statement on or before that date which satisfies section 309.52.

**Sec. 7. EFFECTIVE DATE.**

This act is effective on the day following its final enactment.

Approved March 22, 1982

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**CHAPTER 586 — H.F.No. 1115**

*An act relating to transportation; modifying the purpose of certain programs relating to public transit assistance and transportation management; defining certain terms applicable to certain public transit assistance and transportation management programs; requiring the commissioner of transportation to define by rule total operating cost; providing for the administration of certain programs; providing for the distribution of*

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*assistance under the public transit participation program; changing eligibility requirements for replacement transit service; amending Minnesota Statutes 1980, Section 174.21; 174.22, by adding subdivisions; 174.23, by adding subdivisions; 174.24, Subdivisions 1, 2, and by adding a subdivision; Minnesota Statutes 1981 Supplement, Sections 174.24, Subdivision 3; and 174.265, Subdivision 4; repealing Minnesota Statutes 1980, Sections 174.25 and 174.26.*

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

Section 1. Minnesota Statutes 1980, Section 174.21, is amended to read:

**174.21 PUBLIC TRANSIT ASSISTANCE AND TRANSPORTATION MANAGEMENT; PURPOSE.**

It is the purpose of sections 174.21 to 174.27 to:

(a) to increase vehicle occupancy, to reduce the use of vehicles occupied by only one person and the congestion, pollution, energy consumption, highway damage, and other costs associated with such use;

(b) to assure that those citizens of this state who are unable by reason of age or incapacity to use regular means of private or public transportation shall have reasonable access to transportation service necessary to permit them to be active, productive, self-supporting and healthy citizens; and

(c) to increase the efficiency and productivity of and benefit from public investments in road space and transportation and transit facilities and systems in the state.

(a) provide access to transit for persons who have no alternative mode of transit available;

(b) increase the efficiency and productivity of public transit systems;

(c) alleviate problems of automobile congestion and energy consumption and promote desirable land use where such activities are cost effective;

(d) maintain a state commitment to public transportation; and

(e) meet the needs of individual transit systems to the extent they are consistent with the other objectives stated above.

Sec. 2. Minnesota Statutes 1980, Section 174.22, is amended by adding subdivisions to read:

Subd. 9. "Large urbanized area service" means the transportation service provided by the Duluth transit authority but does not include elderly and handicapped service, as defined in subdivision 13 of this section, provided by that transit authority.

Subd. 10. "Urbanized area service" means a transportation service operating in an urban area of more than 50,000 persons but does not include services operated by the metropolitan transit commission, as defined in section 174.22,

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subdivision 4, or elderly and handicapped service, as defined in subdivision 13 of this section.

Subd. 11. "Small urban area service" means a transportation service operating in an area with a population between 2,500 and 50,000.

Subd. 12. "Rural area service" means a transportation service primarily operated in an area having population centers of less than 2,500 persons.

Subd. 13. "Elderly and handicapped service" means transportation service provided on a regular basis in urbanized or large urbanized areas, except for metro mobility service established under section 174.31, and designed exclusively or primarily to serve individuals who are elderly or handicapped and unable to use regular means of public transportation.

Sec. 3. Minnesota Statutes 1980, Section 174.23, is amended by adding a subdivision to read:

Subd. 7. RULEMAKING; TOTAL OPERATING COST. The commissioner shall by rule define "total operating cost" as the term is used in carrying out the purposes of section 174.24. "Total operating cost" may include provisions for a fee for service. The commissioner shall consult with eligible recipients to the maximum extent feasible in formulating these rules and develop necessary and reasonable changes in cost and fee allowability provisions and financial examination procedures where possible. The rules are subject to the provisions in the administrative procedure act of sections 15.041 to 15.052.

Sec. 4. Minnesota Statutes 1980, Section 174.23, is amended by adding a subdivision to read:

Subd. 8. PROGRAM ADMINISTRATION. The commissioner shall assign the administration of the programs set forth in sections 174.21 to 174.27 to a single division within the department of transportation.

Sec. 5. Minnesota Statutes 1980, Section 174.24, Subdivision 1, is amended to read:

Subdivision 1. ESTABLISHMENT; PURPOSE. A public transit subsidy participation program is established to provide carry out the objectives stated in section 174.21 by providing financial assistance from the state to eligible recipients. The purpose of the public transit subsidy program shall be to supplement local effort in financing public transit systems in order to preserve and develop public transit and a balanced transportation system in the state.

Sec. 6. Minnesota Statutes 1980, Section 174.24, Subdivision 2, is amended to read:

Subd. 2. ELIGIBILITY; APPLICATIONS. Any legislatively established public transit commission or authority, any county or statutory or home rule charter city providing financial assistance to or operating public transit, any

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private operator of public transit, or any combination thereof is eligible to receive financial assistance through the public transit subsidy participation program.

Sec. 7. Minnesota Statutes 1981 Supplement, Section 174.24, Subdivision 3, is amended to read:

Subd. 3. **FINANCIAL ASSISTANCE.** Payment of financial assistance shall be by contract between the commissioner and an eligible recipient. The commissioner shall determine the operating deficit total operating cost of any public transit system receiving or applying for assistance in accordance with generally accepted accounting principles, ~~provided that any financial assistance received from any agency of the federal government for the operation of a public transit system shall be treated as revenue for the purposes of determining the operating deficit.~~ To be eligible for financial assistance, an applicant or recipient shall provide to the commissioner all financial records and other information and shall permit any inspection reasonably necessary to determine total operating cost and correspondingly the amount of assistance which may be paid to the applicant or recipient. Where more than one county or municipality contributes assistance to the operation of a public transit system, the commissioner shall identify one as lead agency for the purpose of receiving moneys under this section. ~~The commissioner may adopt rules establishing performance standards for public transit systems for use in determining the amount of assistance which may be paid to an eligible recipient. Except as otherwise provided in this subdivision, payments shall not exceed two-thirds of the operating deficit of a public transit system.~~

The commissioner shall adopt rules establishing uniform performance standards for private operators of regular route transit systems in the transit taxing district, as defined in section 473.446, subdivision 2. The rules are subject to the provisions in the administrative procedure act of sections 15.041 to 15.052. Payments to those private operators shall be based on the uniform performance standards and operating deficit and shall not exceed 100 percent of the operating deficit as determined by the commissioner. Payments shall be based on approved estimates of expenditures during the contract period and shall be subject to audit and adjustment after any payment has been made.

Prior to distributing operating assistance to eligible recipients for any contract period, the commissioner shall place all recipients into one of the following classifications: large urbanized area service, urbanized area service, small urban area service, rural area service, and elderly and handicapped service. The commissioner shall distribute funds under this section so that the percentage of total operating cost paid by any recipient from local sources will not exceed the percentage for that recipient's classification. The percentages shall be: for large urbanized area service, 55 percent; for urbanized area service and small urban area service, 40 percent; for rural area service, 35 percent; and for elderly and handicapped service, 35 percent. The remainder of the total operating cost will

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be paid from state funds less any assistance received by the recipient from any federal source. For purposes of this subdivision "local sources" means all local sources of funds and includes all operating revenue, tax levies, and contributions from public funds, except that the commissioner may exclude from the total assistance contract revenues derived from operations the cost of which is excluded from the computation of total operating cost.

If a recipient informs the commissioner in writing after the establishment of these percentages but prior to the distribution of financial assistance for any year that paying its designated percentage of total operating cost from local sources will cause undue hardship, the commissioner may reduce the percentage to be paid from local sources by the recipient and increase the percentage to be paid from local sources for all other recipients in its classification so that the total state funds to be received by all the recipients in the classification will not be altered. If for any year the funds appropriated to the commissioner to carry out the purposes of this section are insufficient to allow the commissioner to pay the state share of total operating cost as provided in this paragraph, the commissioner shall reduce the state share in each classification to the extent necessary.

Sec. 8. Minnesota Statutes 1980, Section 174.24, is amended by adding a subdivision to read:

Subd. 5. METHOD OF PAYMENT. Payments under this section to recipients other than the metropolitan transit commission and private operators within the seven-county metropolitan area whose deficits are funded 100 percent by the state shall be made in the following manner:

50 percent of the total contract amount in the first month of operation;

40 percent of the total contract amount in the seventh month of operation;

9 percent of the total contract amount in the twelfth month of operation;

and

1 percent of the total contract amount after the final audit.

The method of payment under this section to private operators within the seven-county metropolitan area whose deficits are funded 100 percent by the state shall be determined by the commissioner.

Sec. 9. Minnesota Statutes 1981 Supplement, Section 174.265, Subdivision 4, is amended to read:

**Subd. 4. ASSISTANCE FOR REPLACEMENT SERVICE.** An application for financial assistance for replacement services shall: describe the existing service provided to the applicant by the metropolitan transit commission, including the estimated number of passengers carried and the routes, schedules, and fares; describe the transit service proposed for funding under the demonstration program, including the anticipated number of passengers and the routes, sched-

ules, and fares; and indicate the total amount of available local transit funds, the portion of the available local transit funds proposed to be used to subsidize replacement services, and the amount of state assistance requested for the replacement services. Financial assistance shall not be granted under this subdivision unless to an applicant community served by the metropolitan transit commission at the time of application only if the commissioner determines that the service proposed for funding is intended and designed to replace and substitute for that the service provided by the metropolitan transit commission at the time of application and that the average subsidy per passenger per route for the replacement service will not exceed the average subsidy per passenger during the six months preceding the application on the commission's routes which serve subsidy per passenger per route standard as adopted by the commission the applicant communities in its current transportation development program. If the financial assistance shall be granted under this subdivision to an applicant communities are community not served by the commission at the time of the application, only if the commissioner determines that the average subsidy per passenger per trip for the replacement service shall proposed for funding will not exceed the average subsidy per passenger during the six months preceding the application on all routes of the commission extending into zone four. After the first year of replacement service, the maximum subsidy shall be escalated at a rate equal to the rate of inflation in the revised consumer price index for all urban consumers in the Minneapolis-St. Paul metropolitan area subsidy per passenger per trip standard as adopted by the commission in its current transportation development program. The amount of financial assistance provided for replacement service under this subdivision shall not exceed the sum of: (a) the portion of the available local transit funds which the applicant proposes to use to subsidize the service, and (b) an amount of state assistance bearing an identical proportional relationship to the amount under (a) as the total amount of state assistance available to the metropolitan transit commission under section 174.24, subdivision 3a bears to the total amount of taxes collected by the commission under section 473.446, subdivision 1, clauses (a) to (c). The commissioner shall transfer the amounts provided to the recipient from the assistance available to the metropolitan transit commission pursuant to section 174.24, subdivision 3.

**Sec. 10. REPEALER.**

Minnesota Statutes 1980, Sections 174.25; and 174.26 are repealed.

**Sec. 11. EFFECTIVE DATE.**

Sections 1, 3, 4, 8, 9, and 10 are effective the day following final enactment. Sections 2, 5, 6, and 7 are effective January 1, 1984.

Approved March 22, 1982

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