

Date: February 11, 2021

To: The I-35W Solutions Alliance Board of Directors

From: Rob Vanasek

Re: Legislative Report

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The 2021 pandemic session continues. Committees have very little time for members of the committee to engage in questioning or debate even though there are fewer members on the committees to engage in the dialogue. Chairs are unable to run an extra 15 or even 5 minutes over due to video programming constraints. Evening hearings are off limits. Bill jackets are 3-6 weeks to turn around for introduction.

Aggressive committee deadlines were announced: March 12, March 19 and April 9. These will help keep the bills receiving a hearing this year to a minimum and may help keep much of the focus on just the budget and COVID relief though some majority caucus high priority pieces of legislation unrelated to the above will advance in their respective chambers. The bandwidth of the legislature is impressively constrained.

The Governor's two-year budget recommendations were recently released. Despite a projected \$1.3B deficit not many cuts were identified and much of the deficit was filled by increasing taxes on corporations, very high-income individuals and families, and cigarettes totaling almost \$1.67B. \$1B of the state's budget reserve is used. Spending is increased by the same amount of the deficit. Spending increases were mainly for schools but much lesser amounts for higher ed, DHS, corrections and housing. Each change item was analyzed for its impact on children and families and equity and inclusion.

MnDOT reported that in 2020 the state collected \$244M less than what the last regular economic forecast projected. Components contributing to this 4.8% decline were drops in the gas tax of \$125M or 6.7%, registration fees of \$54M or 3.2%, auto sales taxes/MVST \$28M or 2.7% and assorted other revenues of \$37M or 8.6%

### **Governor's Transportation Budget**

The governor did not propose an increase in the gas tax or any other increased taxes or fees to provide new revenue for transportation or transit, unlike two years ago. Also notable relative to his previous budget is that no change is proposed on reallocating the revenues from the auto parts sales tax away from transportation expenses and toward schools, etc. This is a big change from his last budget.

The budget recommendation does authorize spending of a total of almost \$250M over the biennium of federal dollars from the COVID relief bills for the Trunk Highway Fund and the State Transportation Improvement Program.

He also proposes a new state program to regulate drones and also requiring local

governments to submit to MnDOT for review of any proposed ordinances prior to adoption. Other recommendations include utilizing half of the annual \$75 electric vehicle fee receipts for installation of public charging infrastructure statewide, investing in liquid deicing chemicals and storage to reduce road salt use, and assessing the vulnerability of the transportation system to road closures due to climate impacts.

Under the Metropolitan Council budget the Council would be allowed to issue \$98,400,000 to build out their transit improvement program.

### **Transportation Committees**

The House Transportation Committee has spent several hearings on overviews from departments and agencies but has also focused on current transportation and economic challenges. Chair Hornstein has had the U of M's Center for Transportation Studies and other research institution representatives provide insights on how the transportation system might look like "in a post-pandemic world." He's also focused on the large unmet and growing maintenance needs of our current systems at the state, county, city and township level. (Coincidentally Senators Howe and Chair Newman introduced a bill requiring MnDOT to implement pavement maintenance standards that same week.)

Chair Hornstein has said he intends to underline transportation's economic impacts. He has focused additional hearings on this theme and brought in Transportation for America and a select assortment of transportation related interest groups and individual businesses to highlight how transportation is an effective economic recovery lever and urging that lever be pulled. Research presented in these hearings on the results of the 2009 federal ARRA stimulus bill showed that money spent on roads, bridges and transit generates a strong ROI for economic output and jobs and that:

- transit and roadway repair projects generate more jobs per dollar
- a dollar spent on public transportation produced 70% more job hours than a dollar spent on highways;
- investing in transit expansion and improvement, along with providing emergency funding to stabilize operations creates the maximum number of jobs;
- given the flexibility to use stimulus money how they wanted, states did not spend the money on projects that created the most jobs the quickest; and
- funding should be dedicated toward rebuilding infrastructure

MnDOT presented good near term news but bad long term news late last month. The four year State Transportation Investment Program targets are expected to be met for state roads and bridges, but significant shortfalls develop in the later years of the 10-Year Capitol Highway Investment Plan. Over 800 bridges must be repaired or replaced within the decade but are not funded in the Plan. Road funding is in same situation and lane miles expected to be in poor condition will reach new highs.

The Senate Transportation Committee spent a week on the administration's Clean Cars initiative going through the rulemaking process. The committee has also heard from the MnDOT Commissioner, Metropolitan Council Chair, and others, including Luther Wynder of MVTA, who was speaking on behalf of the Suburban Transit Association.