

Date: May 9, 2019

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

From: Rob Vanasek

Re: Legislative Report

The regular legislative session must adjourn by midnight on Monday and it's clear the full two year state budget will not be done. Late yesterday afternoon the Speaker and Majority Leader of the House did a press conference on the steps of the State Office Building and said as much. Although 16 smaller bills have been passed into law (6 in the last month), the none of 13 omnibus bills are progressing in conference. All the conference committees are waiting for targets. The Governor, Speaker and Senate Majority Leader have been regularly meeting for about ten days now to set global targets for each of main spending bills, but they should have reached conference committee spending and revenue targets by last week to have gotten done on time.

At the presser Speaker Hortman said even if they had a full agreement in hand, with staff capacity limitations, they could not process everything by 17th. She said there's a middle between the sides and there are all getting close to it. She thinks several things could pass by Monday if negotiations late yesterday and today go as well as they did Tuesday.

The big game changer came Monday when the federal government's guidance on the American Rescue Plan Act funds was received. Now that they know the eligible uses of the \$2.83 billion coming to Minnesota, (coming in half next month and half a year later), the leaders might have their conference committees working through the weekend if they get an agreement. The Speaker would like to pass a several items by Monday and then hopes everything else can be worked out in time for a June 14th special session. The state also has a \$1.6 surplus in the general fund. I am hearing things might gel around spending a significant portion of the federal ARP funds on transportation infrastructure.

In an earlier afternoon press conference yesterday held on another topic, the Governor was hopeful regarding getting done on time, but acknowledged it would most likely spill into overtime. Walz said momentum towards target numbers is building, and that this is based on an increase in the rate of exchange of offers between legislative leaders.

Omnibus Transportation Finance (and policy) Bill, HF 1684

The House did not raise the gas tax this session like they did last session, but they did index the gas tax based on construction prices for inflation (that would equal an increase of a little over a penny a gallon annually), they did increase the registration tabs, MVEST would go from a rate of 6.5% to 6.875%, and finally they created a half cent increase in the sales tax for metro transit in the metro transit taxing district.

\$400M in new dollars in truck highway bonding would be spent as follows: \$175 million for the Corridors of Commerce program and \$225 million for state road construction. A redistribution of the revenues from the sales taxes on auto parts would allocate 13% of those to small cities.

Finally, the House would change requirements for the Minnesota State Highway Investment Plan, including prioritizing investment in trunk highway system preservation and maintenance, and setting requirements for highway transportation planning, performance measurement tracking, and asset resiliency.

Total Spending

Roughly \$200M would be raised by the House plan and spent on roads and bridges in the coming biennium. Another ~\$200M would be raised and spent on transit in the coming two years. These amounts grow significantly in the tails. The Senate's new transportation spending totals a bit over \$200 in the coming biennium but the amount is more than halved in the tails.

Conferees from the House are: Hornstein; Koegel; Frederick; Elkins; Petersburg
Conferees from the Senate are: Newman; Jasinski; Howe; Osmek; Bigham

The Conference Committee has adopted 21 provisions so far – the most productive bay far, but the largest differences remain. They will have an informational presentation on BRT, possibly tomorrow.

The Senate bill increases the dedication of revenues from the auto parts taxes to 60%, replaces some of the HUTDF expenditures with GF dollars. The Senate also zeros out funding for metro transit and supplants state dollars with federal dollars temporarily. The Senate also creates a small cities account with appropriations that decrease each subsequent year. A revamped transportation project selection process requires the MnDOT commissioner to develop and implement a project selection process to evaluate, prioritize, or select capital projects; award grants for capital projects and must adopt the policy by November 1, 2022.

The Senate also earmarks or utilizes, as Chair Newman likes to say, “Constituent Requests” for a number of smaller to medium sized projects. There’s few of note in our traffic shed.

Section 29. Scott County Interchange project; appropriation. Appropriates \$2,500,000 in fiscal year 2022 from the general fund to the commissioner of transportation for a grant to Scott County for an interchange in Jordan.

Section 21. Interstate 35 study and Interchange project; appropriation. Appropriates \$700,000 in fiscal year 2022 from the trunk highway fund to the commissioner of transportation to study corridor mobility and safety improvement needs along marked Interstate 35 in Dakota County.

Section 22. Interstate 35 study; Lakeville; appropriation. Appropriates \$700,000 in fiscal year 2022 from the trunk highway fund to the commissioner of

transportation to study corridor mobility and safety improvement needs along marked Interstate 35 in Lakeville.

Section 30. Scott County; local road improvements; appropriation.

Appropriates \$20,650,000 in fiscal year 2022 from the general fund for a grant from the local road improvement fund to Scott County for local road improvements.

Section 37. Trunk Highway 77; appropriation. Appropriates \$1,000,000 in fiscal year 2022 from the trunk highway fund to the commissioner of transportation for a grant to Dakota County for corridor mobility and safety improvements on Trunk Highway 77.

The Senate:

- requires the Orange Line operations to be paid for by Metro Transit. The original bill was slightly modified (all guideways to just OL) in its first hearing
- requires counties to fund current and future guideways. This includes, planning, design, engineering, and construction costs; operating costs; and capital maintenance.
- requires a metropolitan county that imposes the transportation sales and use tax to submit an annual report to the commissioner.
- prohibits the commissioner from spending money from the highway user tax distribution fund (HUTF) or the trunk highway fund on bicycle lanes or bicycle routes on the trunk highway system.
- requires the commissioner to consider project readiness when selecting projects for the corridors of commerce program
- requires the commissioner to revise the statewide freight and passenger rail plan within 2 years of each update to the multimodal transportation plan. The rail plan must prioritize future passenger rail capital improvement projects based a scoring system.

MnPASS Money for 35W Corridor Repealed

The Senate repeals the law that governs the I-35W MnPASS lane revenue and expenditures resulting in the loss of hundreds of thousands of dollars to 35W transit services per the language in SF 655, Duckworth, now Section 11 of the Senate omnibus.

The revenue from MnPASS lanes basically would supplant the existing funds used for maintaining the road instead of providing expansion and improvements of transit services in the corridor.

The bill repeals the I-35W HOV lane account (160.93, subd 2a). 35W is the only corridor that has this type of account, which requires all money from fees collected in the account to stay in the corridor and be used for administration of the collection system and much of the remaining amount is transferred to the Metropolitan Council for improvement of bus transit including capital expenses for use exclusively in the corridor.