

Date: January 12, 2017

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

From: Rob Vanasek

Re: Legislative Report

The 90th Session of the Minnesota legislature convened on Tuesday January 3rd at noon. The Senate Majority has changed hands following a defeat of 6 DFL senators. There are now 34 Republicans and 33 DFLers. The House Republican Caucus picked up four seats (with a fifth seat expected following a February special election). The House is currently made up of 76 Republicans and 57 DFLers.

Key dates in 2017:

January 24: The Governor releases his budget plan

Early March (unofficial, but several chairs have shared with me that deadlines will be early): Committee deadlines for bills to pass their respective policy and finance committees in both chambers

April 8-17: Likely legislative Easter/Passover break likely impacting our April 13th meeting

May 22: Adjournment at midnight as constitutionally required

June 30: Last day of the fiscal biennium. (To avoid a state government shutdown the state legislature and governor need to agree to a new two year budget by the end of June if they haven't finished their work in the regular session. (5 years ago the state was shutdown until a special session in late July with Governor Dayton and Republican legislature.))

Transportation Committees

The House has reversed course and split its two transportation committees into a Transportation Finance Committee, which Representative Paul Torkelson requested to chair, and a Transportation and Regional Governance Policy Committee lead by Representative Linda Runbeck.

The members of House Transportation Finance are:

Chair Torkelson, Hanska	Gunther, Fairmont	Miller, Prinsburg
V. Chair Petersburg, Waseca	Hausman, St. Paul	Nelson, Brooklyn Park
DFL Lead Hornstein, Mpls	Howe, Rockville	Rarick, Pine City
Baker, Willmar	Johnson, C., North Mankato	Rosenthal, Edina
Barr, Inver Grove Heights	Kiel, Crookston	Runbeck-R, Circle Pines
Bernardy, Fridley	Koznick, Lakeville	Sauke, Rochester
Daniels, Fairbault	Lucero, Dayton	Sundin-DFL, Esko
Drazkowski, Mazeppa	Masin, Eagan	

The members of House Transportation and Regional Governance Policy are:

Chair Runbeck, Circle Pines	Hertaus, Greenfield	Petersburg, Waseca
V. Chair Koznick, Lakeville	Hornstien, Minneapolis	West, Blaine
DFL Lead Bernardy, Fridley	Koegel, Spring Lake Park	Whelan, Anoka
Bahr, East Bethel	Masin, Eagan	Youakim, Hopkins
Carlson, A., Bloomington	McDonald, Delano	

The Senate Transportation Finance and Policy committee remains combined:

Chair Newman, Hutchinson	Carlson, Eagan	Little, Lakeville
V. Chair Jasinski, Fairbault	Franzen, Edina	Osmek, Mound
DFL Lead Dibble, Mpls	Jensen, Chaska	Senjem, Rochester
Anderson, B., Big Lake	Kent, Woodbury	Westrom, Elbow Lake
Twp.	Kiffmeyer, Big Lake	

What's down the road?

Following the failure of legislative leaders and the governor to come to agreement on a comprehensive transportation bill each of the last two sessions, (and the lack of a bonding bill and tax bill in 2016), there is more pressure than ever to break the log jam and get something done in St. Paul, especially on the transportation system problems. Many freshman ran on ending gridlock and getting something done for transportation, but there's not a silver bullet solution yet.

The willingness of Representative Torkelson to take on the problem does bode well for higher level action in 2017, but with a new, razor thin majority in the Senate, it may take a bipartisan effort to pass a bill out of that chamber.

Given full Republican control of both legislative bodies, the **Minnesota Chamber of Commerce** transportation platform might prove to serve as a broad outline of a potential package that could move forward this year. It is reprinted below:

The Minnesota Chamber of Commerce supports investment in the state's transportation infrastructure for the efficient movement of people and goods. To be effective, it must include a modern, multimodal system of roads and bridges, transit, air, rail and waterways. Minnesota businesses are willing to direct current resources and make additional investments to ensure the state's transportation system is well maintained and strategically enhanced, but they also expect to receive the greatest value for every dollar invested in this critical infrastructure.

OUR GOALS

Ensure Minnesota maintains a safe, reliable, multimodal transportation system that provides for the needs of employers and employees by delivering projects as efficient, cost-effective, and transparent as possible. This includes an efficient freight system

that enhances Minnesota's economic competitiveness in national and international markets. It also includes an aviation system – comprised of both commercial and general aviation – that provides Minnesota's businesses and business travelers reliable, affordable and efficient access to markets across the country and around the globe. We support passage of a long-term, comprehensive transportation funding package that provides increased investment in the state's multimodal transportation infrastructure. This package should provide long-term, sustained investment that will enable the state to maintain our vital transportation infrastructure and provide for strategic enhancements. In advocating for such a funding package, the Minnesota Chamber opposes funding mechanisms that would hinder the competitiveness of Minnesota businesses (see the Chamber's 2016 State Tax Competitiveness Policy). Given the Legislature's inability to pass a transportation funding package in either of the two previous legislative sessions, the urgency for action in 2017 is significant. Without additional investment, the Minnesota Department of Transportation's (MnDOT) annual state highway construction budget could shrink by 32% in 2018.

Pass a long-term funding bill that includes roads, bridges and transit and is financed by:

- The general fund.
- Efficiencies...at least 15%.
- Bonding--trunk highway and general obligation.
- Private-sector cost-sharing mechanisms.
- Adjustments to license tab fees.
- Metro funding sources for metro transit.

USE THE GENERAL FUND

Thirty-four states use general fund dollars to support investment in their state roads and bridges. Minnesota does not. Businesses believe transportation is an economic and public safety priority that should be included in general fund appropriations. Further, the use of general fund appropriations will ensure that the financial base of support for the state's roads and bridges is broadened beyond the traditional sources of fuel taxes, vehicle registration fees and the motor vehicle sales tax. In particular, the state should use the general fund revenues generated from the statewide sales tax on auto parts and rental cars to fund increased investment in our transportation system. Ongoing budget surpluses and a historically high budget reserve allow for reasonable general fund investments over the coming years. If necessary to address concerns about predictability of general fund investments in transportation, the state should consider asking Minnesotans to constitutionally dedicate these revenues to transportation purposes.

EFFICIENCIES

MnDOT and the Metropolitan Council should be expected to augment any new investment through an increased focus on efficient use of resources. In doing so, these agencies should be expected to meet a 15% efficiency target, as outlined in the

Governor's 2015 transportation funding proposal: For every \$1 in new investment, the agencies should be expected to complete \$1.15 worth of maintenance upgrades or enhancements to the system.

BONDING

We support the use of trunk highway bonding to help finance projects in the state's road and bridge system and general obligation bonding to support local road and bridge, transitway, port, rail, airport, and other transportation infrastructure projects across the state.

COST-SHARING

We support prioritizing transportation and transit projects that leverage private capital and match a portion of a project's costs with dollars from those who most directly benefit from it.

TAB FEES

Bipartisan proposals were put forward in the 2016 legislative session to adjust Minnesota's schedule of passenger vehicle license tab fees after the first year of ownership. These proposals should be reconsidered in 2017 to help construct a funding package that provides the kind of long-term investment that is needed and that garners broad, bipartisan support.

TRANSIT

Transit service, whether in the Twin Cities metro area or in Greater Minnesota, is a vital link in our state's transportation system. A comprehensive transportation funding package must address the state's transit needs. The Minnesota Chamber is committed to continuing its efforts to build consensus within the business community for metro funding sources for transit in the metro area. Recognizing the needs of a diverse metropolitan area, we believe new transit investment must allow for flexible use and be tied to reform in the governance and planning processes at the Metropolitan Council. In its 2011 report, *Governance of Transit in the Twin Cities Region*, the Office of the Legislative Auditor recommends a number of reforms that should be considered and implemented.

REAL ID

Without action to address the shortcomings of Minnesota's noncompliance with REAL ID, Minnesotans using their state driver's licenses as identification will soon be barred from federally regulated air travel, just as they are already barred from entering military bases and many federal facilities. Minnesota must pass legislation to bring our state into compliance. Many of Minnesota's businesses rely upon efficient air travel for their employees or require their employees to regularly access federal facilities or other secure sites.