

Date: December 13, 2018

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

From: Rob Vanasek

Re: Legislative Report

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The Orange Line BRT was fully funded with the announcement of \$74.1M from Federal Transit Authority on November 28. The total cost will be \$150.7 for the 17 miles on what is already the busiest bus corridor in Minnesota. “A future extension of the Orange Line to Lakeville is also envisioned in future years,” was included in the official press release. Congratulations to all who helped make this happen.

Tim Walz, a southern Minnesota Congressman, and former member of the U. S. House Transportation Committee, was elected governor over Jeff Johnson. Johnson received 200,000 more votes than he did four years ago creating a new record number of votes received for governor, but for one other: Walz, who bested Dayton’s total by 400,000. Investing in roads, bridges and transit was a top campaign priority for Walz.

The Minnesota State House of Representatives will have a 75-59 DFL majority to Republican minority. Suburbanites will lead the House: Melissa Hortman and Ryan Winkler, both from Hennepin, will become Speaker and Majority Leader on January 8<sup>th</sup>. Hortman is strong proponent of raising additional revenue for roads, bridges and transit. Hornstein

The DFL will combine its two transportation committees into one Transportation Finance and Policy Division chaired by Frank Hornstein, Minneapolis. Hornstein has strongly supported additional revenues for roads, bridges and transit. He also supports extending Northstar to St. Cloud and passenger train service to Duluth. No change in the Senate.

There’s a great deal of new Representatives—including two Solutions Alliance board members, Mike Howard and Steve Elkins—39 to be exact. Almost a third of the House will be freshmen, and over 43% of the new House majority have not served before.

A new group, Keep MN Moving, formed by the Minneapolis Regional Chamber, the St. Paul Area Chamber and East Metro Strong announced Tuesday that they will push for transit improvements across the state, but may focus on the build out of the arterial BRT system.

### **Governor-Elect Walz**

Walz poses that the state no longer raises enough revenue from the gas tax to do much more than maintain our road network and if we want to expand the capacity of our urban freeways, reduce crashes at major suburban intersections or build new roads, we must solve the funding gap. According to his campaign agenda:

*The Walz Flanagan Administration* will:

- **Secure a stable funding source for transit and transportation by increasing the gas tax** because Minnesota must modernize and expand our transportation and transit system in order to connect more people to opportunity and to compete for major employers and the jobs they bring to our state. To meet our current and future needs, Tim and Peggy will increase the gas tax and expand funding for transit and transportation in a way that is fair and equitable.
- **Expand the transit network both in the metro and in rural Minnesota** to help take commuters off the road, make less congestion for those who choose to drive, reduce pollution, and save wear and tear on our roads. Younger generations increasingly show a preference for transit, while older residents look to transit to keep them mobile and in their homes longer. Tim and Peggy support expanding bus networks across the state. They also support strategic investments in high speed commuter rail, light rail and bus rapid transit projects, which move even more people at greater speeds.

## **Surplus**

The November budget and economic forecast on which the governor is required to base his budget on (due February 19) shows a \$1.5 Billion surplus for the 2020-21 biennium.

Unfortunately, about half the surplus is only available for one-time spending, which Senate Majority Leader Gazelka suggested be potentially partially used on transportation investments. This leaves hundreds of millions available in ongoing money, but doesn't include an estimated \$1.1B in estimated inflation costs—we are the only state in the nation that doesn't budget for inflation. Minnesota's budget is structurally balanced in the out years into 2022-23 with \$456M to spare on a \$50B budget. The February forecast will require the governor to slightly adjust his proposed budget.

Walz intends to use some of the surplus for schools and stated that one-time money wouldn't solve the transportation problem, that Minnesota ranks 27<sup>th</sup> in state and local transportation spending. Gazelka doesn't want to raise the gas tax since some of the surplus could be used for transportation as well as education.

It's a weaker economic outlook since February. The biggest unknowns affecting Minnesota's future economy is the trade uncertainties and taxpayer response to last year's federal tax changes. Also, spending growth under current laws is expected to be very slightly higher than revenue growth in FY2022-23.

## **Law changed may be needed to fund recent Corridors of Commerce Projects?**

There might be a problem with the language enacted into law via Special Session HF 3, 2017's Omnibus Transportation Bill or from the more recent 2018 bonding bill, HF 4425. The 2017 bill funded the \$400M in Corridors of Commerce program that successfully received funds for the two projects we support: 35W/494 interchange phase I and the 494 MnPASS lane additions and possible phase II of the 35W/494 interchange. The second bill funded \$400M for a MnPASS lane on 610 and a couple of large Greater Minnesota projects. It may take a law change to be able to move some of these projects forward by passing what should be a simple, technical correction bill. I need to research which bill had the problematic language and only learned of this issue in the past 36 hours.