

Date: December 8, 2016

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

From: Rob Vanasek

Re: Legislative Report

Last Friday the Speaker said he thought a special session was likely for December 20th, but he also said he hoped to have a decision on a special session that same day. No agreement was made and the governor and legislative leaders met again Monday. There's still no agreement. A stumbling block is whether to use general fund surplus dollars or Health Care Access fund surplus dollars to cover tax credits for those facing significant increases in their health care premiums. The tax bill would be largely unchanged and the bonding bill would be slightly smaller.

Surplus

The November budget and economic forecast on which the governor is required to base his budget on shows a \$1.4 Billion surplus for the 2018-19 biennium. That's about \$700 million in ongoing money, but doesn't include the almost \$700 million in one-time, unspent dollars available from this biennium—in large part due to this year's bonding bill and tax bill not enacted into law. Minnesota's budget is structurally balanced in the out years into 2020-21 but uncertainty increases. The February forecast will require the governor and legislature to make some final adjustments to their proposed budgets.

Republicans control the Senate

Voters elected a new Senate majority (34-33) headed up by Senator Paul Gazelka. Gazelka said last week that his caucus would focus on putting more money into family budgets by investing in roads and bridges via a comprehensive and long term transportation package, provide tax relief, and fix the health care crisis. The Senate has 21 new members (31% of the body) and 74% of the body has 6 years or less service in that chamber.

The House has 23 (17%) new members, but the majority leadership did not change. New House Minority Leader, Melissa Hortman, previously has been a transportation advocate.

New Chairs

Senator Scott Newman will be the new chair in the Senate. Senator John Pederson, the ranking minority member of the Senate Transportation Committee did not seek reelection. Newman lives in Hutchinson, unsuccessfully ran for Attorney General in 2014, is a retired attorney and at one time was a deputy sheriff in Hennepin County. We spoke last week and he is interested in joining us at a future meeting. He shared that his early committee meetings will examine the transportation needs of rural Minnesota since that's where most of his members hail from.

Senator David Senjem will be the new Capital Investment Chair in the Senate, a post he has held before. Senjem has also been the Senate Majority Leader and lives in Rochester.

Representative Paul Torkelson will be the new chair in the House as Representative Tim Kelly did not seek reelection. Torkelson has become very familiar with many of our priority needs along 35W these past two years as the House Capital Investment Committee Chair, but has not served on the transportation committee since 2010. Torkelson farms near Hanska in Southwestern Minnesota.

Representative Dean Urdahl will be the new Capital Investment Chair in the House. Urdahl's district is within Newman's Senate District. He previously was chair of the Legacy committee in the House and is a retired teacher.

2016 bonding refresher

- \$12.1 million, the final installment of the state's share for the Orange Line BRT
- \$25 million, the state match for the 35W/Lake Access Project (ramps and bridges)

The sum of the above would equate to a 3-5 year construction project on 35W instead of 7-8 years of construction and result in about \$250 million of total improvements to the corridor. The increase in costs to build the Orange Line, Lake Street Access Project, and 35W/94 braid bridges independent of each other is unknown but substantial.

The Mall of America transit station, Corridors of Commerce program, and local road improvement program would likely remain in the bonding bill, but I understand the state highway earmarks that showed up in the final hours of regular session would be removed.