TENNESSEN LAW PLC

2522 Thomas Ave. S.
Minneapolis, MN 55405
(612) 235-6028
(866) 925-8459
www.tennessenlaw.com

MEMORANDUM

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

FROM: Robert J. Tennessen

RE: Legislative Report

DATE: May 9, 2013

Legislature

Transportation Bills

The House transportation funding bill (HF1444) has passed the House and been sent to the Senate. The Senate bill (SF1173) was heard in the Senate Tax Committee yesterday (May 8). As amended in the Senate Tax Committee, the bill does not raise additional funds for the HUTDF nor new money to fund transit. In its current form, the bill does not fully fund transit operations. The chair of the Tax Committee said that the chair of the Finance Committee will have to address transit appropriations. The bill was approved as amended and reported to the Senate floor.

The transportation policy bill (HF1416/SF1270) is in conference committee.

Neither bill does much to foster transit or roads.

Tax Bills

Improvements in transportation funding, if any, will probably be in the tax bill. The House and Senate versions of the tax bill contain various transportation/transit provisions:

- Bills both broaden the authority for counties to impose an annual wheelage tax on motor vehicles to allow all counties to impose the tax rather than just the seven county metro area. The House bill sets the rate at $10 per vehicle per year (increased from $5) to be imposed until January 1, 2018, after which it can be increased to $20. The Senate bill allows $10 per year through 2016 and $20 per year in 2017. It also changes the timing of state distribution of wheelage tax revenues to counties from an annual to a monthly payment.

- The bills both increase the Metropolitan Council's authority to issue debt obligations to fund its capital improvement plan for transit and paratransit by $35.8 million. Proceeds may also be used to pay issuance costs, subject to the $35.8 million limit.

- The House bill provides for renovation of the Old Cedar Avenue Bridge, but the Senate bill does not contain this provision.

- The bills authorize the city of Minneapolis to create a value capture district to finance construction of a streetcar line and related improvements. Revenues from the district would be calculated using the same method that applies under the TIF law, except current tax rates would be used, rather than a certified original tax rate. Revenues from district may be spent for items within an area located one block on either side of the streetcar line, the location of which would be determined by the city. Permitted uses of district revenues are limited to:

    - planning and design for the streetcar line;
    - acquiring, constructing, and equipping the line;
    - transit stations; and
    - related public infrastructure improvements (sidewalks, street improvements, and so forth).

  District revenues may not be used to pay for operation of the streetcar line. The city is authorized to issue bonds without an election under the authority. The duration of the district is limited to 25 years or the time needed to pay for the capital improvements, including bonds, if that is shorter.

Democrat leadership and Governor Dayton are meeting to discuss "broad terms" of a budget deal. There are disagreements between the House and Senate and also with the Governor that need to be worked out with regard to the budget deficit, paying back the schools, and tax policy to pay for the 2014-15 biennium spending. The goal is that the negotiations will lead to an agreed-upon revenue target that will give the House-Senate conference committees a framework to finalize their bills.

Bonding

On Monday of this week, MnDOT presented its bonding requests to the Senate Capital Investment Committee . No action was taken and none is expected.