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MEMORANDUM

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

FROM: Robert J. Tennesen

RE: Legislative Report

DATE: September 10, 2013

A. Legislative Activity

Little legislative activity has occurred this summer. The major activity was the Special Session on September 9 to pass a disaster relief bill.

B. Metropolitan Council

Southwest LRT has been the center of attention the past few months. The major issue is whether the freight rail line will be rerouted through St. Louis Park, as contemplated when the east-west rail line through Minneapolis was severed with the construction of the Hiawatha LRT line, or whether it will remain as is with the addition of the Southwest LRT in the Kenwood Corridor.

C. Funding of Roads and Bridges

It is occasionally useful to review the overall sources for funding of roads and bridges in Minnesota. This link to the MnDOT website is a useful summary of the revenues and their allocation.

<http://www.dot.state.mn.us/about/pdfs/historyofrevchanges.pdf>

Here are some of the highlights:

1. The state motor fuel tax is a major source of revenue for highways in Minnesota. It is constitutionally dedicated to maintain roads and bridges and cannot be used for transit. Each one cent of gas tax yields about \$30 million per year to the Highway User Tax Distribution Fund. About \$18 million (62%) of that total goes to the State Trunk Highway Fund and the remainder goes to the County State Aid Highways (CSAH)(29%) and Municipal State Aid Streets (MSAS)(9%). In FY 2010 the tax yielded \$823 million to the Trunk Highway Fund before collection costs. About 80% of the tax is generated from gasoline sales and the remainder mostly from diesel and special fuel sales.

2. A motor vehicle registration tax yielded about \$523 million in FY 2010 before collection costs. Passenger cars and pickup trucks generated about 80% of the total.
3. The motor vehicle sales tax of 6.5% on the sale of new and used vehicles is now fully dedicated to transportation. Although constitutionally dedicated to transportation, the legislature must allocate at least 40% for transit and not more than 60% for the Highway User Tax Distribution Fund. The amount collected from the MVST in 2011 was \$505 million. According to the constitutional allocation of the funds, this would be approximately \$303 million for HUDT and approximately \$202 million for transit.
4. Federal highway funds are a critical source of funding for MnDOT, most of which is applied to the State Trunk Highway Fund and is a principal funding source for MnDOT. The amount the department receives each year varies depending on federal legislation. In FY 2011 MnDOT projected to receive \$540 million which was higher because of the federal stimulus program. Typically, federal funds are also available for local governments which usually run about \$100 million per year, although in FY 211 the amount was \$211 million due to the federal stimulus program.
5. The state has begun to rely on bonding (borrowing) by issuing trunk highway bonds. Since 2000 the legislature has authorized \$2,485,288,000 of highway bonds of which \$938,450,000 have been issued. The debt is financed by transfers from the state trunk highway fund.

D. State Fair Survey – Increasing the Gas Tax

“5. Should the state’s gas tax be increased by 5 cents a gallon to help fund the backlog of highway and bridge needs around the state?

Yes.....53.4%.....(3,736)
 No.....39.7%.....(2,779)
 Undecided/No Opinion.....6.9%.....(485)”

E. Mid-year 2013 Metro Transit Ridership: 40 Million

“MINNEAPOLIS – (July 17) – Through the first half of 2013, customers have boarded Metro Transit buses and trains 39.9 million times – 312,000 more rides than the same period last year (a 0.8 percent increase).

Comparing bus ridership with the same period last year, urban local service is up 279,000 rides (one percent), express service is up 113,000 rides (2.6 percent) and suburban local service has increased by 25,000 rides (3.3 percent).

Year-to-date, Northstar commuter rail ridership is up more than 50,000 or 15.1 percent over 2012 – fueled by a fare adjustment that was made permanent on May 1 and the opening of Ramsey Station in November of 2012. In June, customers boarded Northstar trains an average of 3,058 times per weekday – the first time the 3,000 mark has been surpassed in the line’s history.

Ridership on the METRO Blue Line is down 3.1 percent (156,000 rides) compared with the first half of last year. In 2012, ridership on the Blue (Hiawatha) Line was 10.5 million – the highest in the line’s nine years of operation. Despite fewer rides to special events, average weekday ridership on the region’s first light-rail line continues to trend nearly 30 percent ahead of projections for the year 2020.

Service Type	2013 mid-year ridership (Jan. - June)	# of routes	% of total rides
Urban Local Bus	29,346,372	60	74%
Express Bus*	4,554,570	60	11%
Suburban Local Bus	769,748	6	2%
Light Rail	4,826,020	1	12%
Commuter Rail	384,183	1	1%
TOTAL	39,880,893	128	100%

F. Hwy 169/I-494 Interchange Nationally Recognized for Performance, Efficiency

“ST. PAUL, Minn. - The American Association of State Highway and Transportation Officials today presented the Minnesota Department of Transportation with the America’s Transportation Award for showing efficiency and economic responsibility while completing the Highway 169/Interstate 494 reconstruction project. MnDOT was named the winner in the “under budget” category for medium-sized projects that cost between \$25 million-\$200 million.

“The project met more than 90 percent of motorists’ needs while saving approximately \$25 million to \$40 million in construction costs that MnDOT could use on other projects in the area,” said John Griffith, MnDOT’s west area manager. “The project delivered good value.”

MnDOT, DEED announce \$15.7 million in grants for transportation infrastructure supporting economic development, job creation.”

G. MnDOT/DEED Grants – Business Development

“ST. PAUL, Minn. –The Minnesota Department of Transportation – in partnership with the Department of Employment and Economic Development (DEED) – has awarded \$15.7 million in grants to five state trunk highway projects that will support growing industry and businesses, and improve the transportation network for all users. The funding was awarded under the Transportation Economic Development Program (TED).

MnDOT and DEED have provided nearly \$70 million in grants to 29 communities through the TED program since 2011. Program criteria emphasize improvements that enhance the statewide transportation network, including all modes and all jurisdictional systems, and improvements that

allow existing businesses to expand or new businesses to locate near the project area. The TED program also has leveraged more than \$125 million from public and private partners who derive a direct benefit from the improvement.

The \$15.7 million provided this year will help leverage an additional \$25 million in other federal, state, local, and private funding for a total construction program of \$40 million. Funding for the program came from a one-time appropriation from the trunk highway fund.

Figure 1: TED Project Awards

Recipient	Project	TED Grant	Total Project Cost	Projected 5-year Job Estimate
Waconia	Trunk Highway 5 Improvements	\$4,500,000	\$11,100,000	362
Minneapolis	I-94 7th Street Off Ramp and Repurposed 5th Street Off Ramp	\$6,790,000	\$9,700,000	10,000
Murray County, Slayton	Schmitz Grain TH 30 Right-Turn Lane	\$105,000	\$220,000	6
Olmsted County, Rochester	CSAH 16 & TH 63 Interchange Reconstruction and Airport Access Improvement Project	\$2,224,000	\$11,519,000	150
LeSueur	TH 169 Le Sueur Hill Access and Rest Area Improvements	\$2,072,571	\$7,510,000	200