

Date: May 11, 2017

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

From: Rob Vanasek

Re: Legislative Report

There are less than a dozen days left in the regular session, which must adjourn by midnight on Monday, May 22. Until this week, 28 bills were passed and sent to the governor and all but 2 were signed into law. However more vetoes are coming today and tomorrow as legislative leaders determined the governor wasn't moving in their direction fast enough and the House and Senate are clarifying their positions by adopting their omnibus finance conference committee reports and passing them to the governor, who has said he will veto them all in their present form.

Only half of the budget bills will make it to the governor's desk now that Senator Nelson's father is gravely ill. Senator Nelson returned to Rochester yesterday, leaving the Senate a vote shy of passing bills without a minority member's support.

Legislative leaders and the governor were hoped to have established joint targets for spending and tax cuts by now and each side is blaming the other. Transportation was among the four "easy" bills that were close in closed-door negotiations over the weekend. Close to midnight on Tuesday the conference committee on transportation reopened the omnibus transportation bill. The conference committee added back some funds to Metro Transit's budget and deleted the provisions prohibiting locals from planning or constructing LRT, and provisions eliminating CTIB. A Metro Mobility Task Force was set up as well to examine ways to slow the rate of growth of that fast growth expense.

Transportation Finance (and policy) Bill, HF 861

The House passed the Transportation Conference Committee Report yesterday on a 75-56 vote. It is almost certain to face a veto from Governor Dayton once the Senate processes the bill and sends it to the Governor's Desk where he has up to three days to veto it. The newest version (5th engrossment) would transfer north of \$350 million annually of new General Fund money to transportation. The governor has insisted on \$600M in new money for state highways annually and would prefer to not use general fund dollars and favors a gas tax increase. 32 states use general fund dollars for transportation. HF 861 spends slightly less than its earlier version, but almost double the Senate's initial transportation finance bill.

HF861 borrows over \$1 billion over four years for the Corridors of Commerce Program (\$300M in year one, \$250M each of the remaining years). The bill captures money from the sales taxes on auto parts, which totals around \$225 per year as well as taxes on car rentals and leases. Around \$250 million in additional money per year is needed to just maintain the current state road transportation system.

An early version of the bill might have caused a 40 percent service cut to transit via a \$122 million shortfall (even with a fare increase according to the Met Council) and was criticized by business groups, but the latest version reduces that cut by at least \$50 million. The motor vehicle sales tax that helps fund transit is down due to less cars being sold than projected.

Changes are made on how MNDOT prioritizes projects:

Sec. 101. TRANSPORTATION PROJECT SELECTION PROCESS.

Subdivision 1. Adoption of best practices.

(a) The commissioner of transportation, after consultation with the Federal Highway Administration, metropolitan planning organizations, regional development commissions, area transportation partnerships, local governments, the Metropolitan Council, and transportation stakeholders, must develop, adopt, and implement best practices for project evaluation and selection to apply to the standard project process and to special programs, such as corridors of commerce. The commissioner must adopt and begin implementing the best practices no later than January 1, 2018, and may update the best practices as appropriate. The commissioner must publish the best practices and updates on the department's Web site and through other effective means selected by the commissioner.

(b) The best practices adopted under this section must:

- (1) describe each selection process and identification of ranking criteria and weight of each criterion with respect to any selection process;
- (2) identify and apply all relevant criteria contained in enacted Minnesota or federal law, or added by the commissioner;
- (3) identify for stakeholders and the general public the candidate project selected under each selection process and every project considered that was not selected;
- (4) involve area transportation partnerships and other local authorities, as appropriate, in the process of scoring and ranking candidate projects under consideration; and
- (5) publicize scoring, ranking, and decision outcomes concerning each candidate project, including the projects that were considered but not selected.

Subd. 2. Report to legislature.

By March 1, 2018, the commissioner must submit a report to the members and staff of the legislative committees with jurisdiction over transportation policy and finance concerning the adopted best practices and how the best practices are anticipated to improve the consistency, objectivity, and transparency of the selection process. The report must include information on input from members of the public and the organizations identified in subdivision 1.

Orange Line, 35W/Lake Street Access, 77th ST Underpass, Bonding

Last week I testified on the Solutions Alliance's disappointment on the lack of inclusion of the Orange Line in the House's Bonding bill, which had been released earlier in the week. My testimony primarily shared the project benefits and data points that make the case for the line, but I also thanked the chair and the committee for including \$25 million for the 35W/Lake Street Access project. The bill also included the modified language required for utilizing previously approved bonding dollars for the 77th ST underpass.

The Senate debated and laid on the table their \$1.6 billion bonding bill (\$973M GO) on March 8. (The governor's bill is at \$1.5B GO.) An \$800 million starting point was recently expected, but it was only \$600 million. This version has zero chance of House floor passage and hasn't been scheduled for a hearing in Ways and Means yet.

House leaders are trying to trade a larger bonding bill for a larger tax cut bill but that won't likely workout with this governor who argues that would create future deficits.