

Date: May 9, 2019

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

From: Rob Vanasek

Re: Legislative Report

The regular legislative session must adjourn by midnight on Monday, May 20—just a week from Monday. Although 19 smaller bills have been passed into law, the none of 10 major omnibus bills are progressing quickly in conference. All are waiting for targets. The Governor, Speaker and Senate Majority Leader had been regularly meeting in the past week up until Tuesday to set global targets for each of main spending bills. Unfortunately, outside of a boat on Fishing Opener, they aren't scheduled to meet again until Sunday night. Senator Gazelka stated a couple days ago that the latest they can reach a global budget agreement is next Wednesday (leaving 5 days for conference committees to work out many details on numbers and policy).

Speaker Hortman on Tuesday referred to the Senate as being stubborn and intransigent. The House, even more so than the Governor, created assertive budgets that would provide more money for schools and pre-k, the disabled, and transportation needs. They pay for the increased budgets by keeping the 2% medical provider tax that's set to expire, increasing the transportation related taxes and paying back the general fund what the previous majority had allocated to transportation, and raising an unrealistic assortment of other taxes.

The Senate has used some shifts and unrealistic savings in their budget bills to try to maintain the overall size of state government growth. They do not raise taxes, but some Senate committee chairs have stated that their bills are negotiating positions and that they hope and expect the spending levels to increase before the bills are signed into law.

The Governor is publicly insistent on continuing the provider tax and the Senate is publicly insisting they won't raise the gas tax. Walz said Tuesday he wants to raise the gas tax and said that if the Senate wins, "they win crumbling roads, bridges and infrastructure." Hortman shared that the Senate budget would increase property taxes of cities and counties to pay for roads.

Transportation Finance (and policy) Bill, HF 1555

The House and administration propose to raise the gas tax (20 cents over several years), tab fees, sales tax and assorted other fees for the Highway User Tax Distribution Fund, which is used for the state highway system of Trunk Highways, County State Aid Highways (CSAH), and Municipal State Aid Streets (MSAS). These provisions are in the House bill.

The Senate bill does not raise revenue like the House does, but they do raise several

hundred thousand dollars by placing fees on plugin hybrid cars and increasing them on electric cars. The Senate bill only spends the base budget with no new significant investments in transportation or transit.

House conferees on HF 1555 are Hornstein, Koegel, Tabke, Richardson, and Torkelson; Senate conferees are Newman, Jasinski, Hall, Rarick, and Dibble.

Transportation

Non-partisan fiscal staff project that once fully phased in, the rough total of all new funds in each year over the current forecast (MSAS, CSAH, Trunk Highways) would be close to \$900M in the administration's budget, \$800M in the House's bill and \$90M in the Senate's bill over today's funding four years from now. There's a \$6B shortfall over the next ten years and another \$18B short in the following ten years according to MnDOT.

The House bill provides \$25M annually in new money for Corridors of Commerce,

Transit

The administration would increase sales taxes in the seven-county metro area by 1/8 cent for transit. This would raise \$1.5B over 10 years and build 10 BRT routes over that time.

The House bill has a half cent sales tax for transit that would likely build out 2 or 3 additional busways over that time and allows the Metropolitan Council's Transportation Advisory Board to steer half the money raised to projects under the following categories: 30% for roads, 30% for transit, 10% for bike and 30% is flexible.

A few business organizations are pushing for new investments in transit because their members are sharing that Denver is taking employees and prospective talent from the Twin Cities region due to the transit investments made there. East Metro Strong testified that they have businesses moving to Minneapolis due to the transit investments there and lack of transit investment in the east metro.

The House bill would pay almost \$2M annually and requires the Metropolitan Council to serve Lakeville with Metro Mobility.

Dan Patch Prohibition Repealed

The House bill removes the prohibition to study the Dan Patch corridor – see attached.

MnPASS Money for 35W Corridor Repealed

In the Senate version of HF 1555, the revenue from MnPASS lanes basically would supplant the existing funds used for maintaining the road instead of providing expansion and improvements of transit services in the corridor and also require 3 people to ride in the MnPASS/HOV lane. This was in Senator Newman's SF 904 and reported on in March. I have spoken with Senator Hall on multiple occasions as has Commissioners Workman and Holberg. Unfortunately Senator Hall was the deciding vote on a floor amendment to keep these provisions. Additional information is attached and is also found in the March Legislative Report.

SF 1093 (HF1555 1st Unofficial Engrossment) Causes Loss of Hundreds of Thousands of Dollars to 35W Transit Services

SF 1093 the Senate Omnibus Transportation Bill, Newman, would change MnPASS lanes revenue distribution. All MnPASS lanes would be required to use the generated revenue in the same manner.

The bill repeals the I-35W HOV lane account (160.93, subd 2a). 35W is the only corridor that has this type of account, which requires all money from fees collected in the account to stay in the corridor and be used for administration of the collection system and much of the remaining amount is transferred to the Metropolitan Council for improvement of bus transit including capital expenses for use exclusively in the corridor. Any additional dollars are then used for transportation capital improvements in the corridor consistent with the goals of the urban partnership agreement. It was the urban partnership agreement that provided the money for the additional lane.

Under the bill the revenue from MnPASS lanes basically would supplant the existing funds used for maintaining the road instead of providing expansion and improvements of transit services in the corridor.

The goal of the MnPASS lanes is to move more people through the corridor, more efficiently. MnPASS transponders make up 25% of cars in the HOV lanes, but only 12% of the people. A single MnPASS lane on 35W carries the majority of the people at rush hour and that's due to so many riding transit via the bus. Buses alone carry 42% of the people during rush hour on 35W in the south metro - This is equal to a full lane and a half of traffic, which we don't have space or dollars to build out. We want more transit services to ease congestion for freight and commuters that aren't able to take the bus. SF 1093 takes away funds for expansion and improvement of transit services on 35W.

The bill also increases the minimum number of occupants in a vehicle to qualify for free travel in a MnPASS lane from 2 occupants to 3 occupants. This is a premature move as the 35W MnPASS lanes have years to go before their capacity is used up. This change would unnecessarily clog the general purpose lanes.

Laws 2002, chapter 393, section 85

Sec. 85. **DAN PATCH COMMUTER RAIL LINE; PROHIBITIONS.**

Subdivision 1.

Definition.

For purposes of this section, "Dan Patch commuter rail line" means the commuter rail line between Northfield and Minneapolis identified in the metropolitan council's transit 2020 master plan as the Dan Patch line.

Subd. 2.

Metropolitan council; prohibitions.

The metropolitan council must not take any action or spend any money for study, planning, preliminary engineering, final design, or construction for the Dan Patch commuter rail line. The council must remove all references, other than references for historical purposes, to the Dan Patch commuter rail line from any future revisions to the council's transportation development guide and the council's regional transit master plan.

Subd. 3.

Commissioner of transportation.

The commissioner of transportation must not expend any money for study, planning, preliminary engineering, final design, or construction for the Dan Patch commuter rail line. The commissioner must remove all references, other than references for historical purposes, to the Dan Patch commuter rail line from any future revisions to the state transportation plan and the commissioner's commuter rail system plan.

Subd. 4.

Regional rail authorities.

No regional rail authority may expend any money for study, planning, preliminary engineering, final design, or construction for the Dan Patch commuter rail line.