

Date: June 8, 2017

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

From: Rob Vanasek

Re: Legislative Report

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### **Legislative Successes: Orange Line, 35W Lake Street Access, MOA Station, 77th ST Underpass**

There are a handful of issues the governor and legislative leaders might be forced deliberate on this summer and a Second Special Session held depending on potential action in the courts following a line item veto of the entire legislative branch's appropriations by the governor, but our legislative concerns are not among them.

Despite a failure in the regular session process by the legislative majorities and the governor to conclude their work during the regular legislative session, a two year budget and an overdue bonding bill were enacted into law in a four day special session. Last week the governor signed all of the budget bills including a transportation spending bill, a tax bill and a bonding bill.

The final version of the roughly billion dollar bonding bill (First Special Session HF 5) included \$25 million for the 35W Lake Street Access Project, which was in the early House version of the bill and was earmarked out of the Corridors of Commerce portion of the bill, the long awaited \$12.1 million for the state's remaining share of the Orange Bus Rapid Transit Line, and the state's entire \$8.75 million share for the Mall of America Transit Station connecting the Red BRT Line with the Blue LRT Line. Lastly, the bonding bill included permissive policy language allowing the previously enacted bonding dollars held up over technical language to now be spent for the needed acquisition of property for the 77th ST Underpass. Each of these was a priority project for the Alliance.

Last year's failure to pass a bonding bill created intense pressure to get a major bill done in a budget year this year. Despite the chairs of the bonding committees intent to tour projects this summer in advance of putting together next year's bonding bill, it is unclear if there will be a bonding bill in 2018. The forecast had room to pay for debt service a \$800 million bonding bill this year and an \$800 million bonding bill next year, which would leave about \$600 million in bonding capacity in the budget for next year.

#### **Transportation Finance Omnibus Bill**

HF 861, the regular session transportation budget bill, that spent an additional \$378 million per year on transportation projects with general fund money reported on last month, was vetoed by the governor. A smaller transportation finance omnibus bill, First

Special Session HF 3, that spends \$150 million per year in the first two years (~\$225M each of the 3rd and 4th year) for annual transportation needs was passed and enacted into law. These funding levels are half of what legislative leaders and the governor agreed as the base need last year, but represents the only major influx of new, ongoing money to transportation since 1988, outside of the 2008 transportation bill.

Highlights of the bill:

- \$300M in borrowing authorized for Corridors of Commerce over 4 years
- \$600M in borrowing authorized for general state road construction
- MVST dollars go entirely to transportation purposes
- Reallocates sales tax on leases, rentals, repairs and parts to transportation
- Establishes a \$75 annual fee on electric vehicles
- Doesn't allow state money to be used for SWLRT operating costs, but allows it to go forward
- Creates a Metro Mobility Task Force
- Requires a MnDOT report on MnPASS lanes and tolling due January 2, 2018
- Requires MnDOT to report on estimated versus actual costs of projects and study cost estimating, inflation and impacts on highway construction costs
- Requires MnDOT adoption of a policy on project selection processes including the Corridors of Commerce program and submit a report by February 1, 2019