



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

MEMORANDUM

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

FROM: Robert J. Tennesen

RE: Legislative Report

DATE: December 13, 2012

Legislature

New leadership in the House and Senate:

Speaker of the House – Rep. Paul Thissen
House Majority Leader – Rep. Erin Murphy
House Minority Leader – Rep. Kurt Daudt
Senate Majority Leader – Senator Thomas Bakk
Senate Minority Leader – David Hann

New Senate Transportation Committee will include 17 members:

Scott Dibble, Chair
Susan Kent, Vice Chair
Jim Carlson
Bobby Joe Champion
Melisa Franzen
Vicki Jensen
Roger Reinert
Ann Rest
David Tomassoni
Charles Wiger

Legislative Priorities

The stated priority for the 2013 legislative session will be fixing our structural deficit. See <http://www.startribune.com/opinion/commentaries/180436231.html>, Nov. 22, 2012 *Star Tribune* op-ed by Jay Kiedrowski.

The Governor's priorities include a major overhaul of the state tax system by eliminating certain corporate tax breaks, expanding the sales tax, and raising state income taxes for the highest earners, and lower property taxes and corporate income tax rates.

MMB November Economic Forecast

Lawmakers will face a \$1.1 billion state budget deficit when the session convenes in January. The forecast may change depending on federal actions with regard to the upcoming "fiscal cliff." The MMB forecast will be the basis for the next two-year state budget. The governor must propose a budget to the legislature by Jan. 22, 2013. <http://www.mmb.state.mn.us/fu-current-fore-nov>

Cedar Avenue BRT

Construction on the Cedar Avenue BRT line is continuing and it may become operational by May. One of seven new buses for the line has been received. The new bus cost \$500,000 and is designed to mimic a light rail vehicle with interior bike storage. When the line is finished, buses will travel every 15 minutes between 7 a.m. and 11 p.m. on weekdays from Apple Valley to Bloomington. Officials believe it will see 960 average daily weekday riders when it opens, and that ridership will grow to 3,650 weekday riders by 2030.

MnDOT Commissioner Sorel

Commissioner Tom Sorel left MnDOT to become president and CEO of AAA Minneapolis on Dec. 1. Bill Salisbury from the *Pioneer Press* interviewed Commissioner Sorel, see his article of Nov. 30, 2012 http://www.twincities.com/ci_22100376/tom-sorel-strived-rebuild-minnesotas-roads-trust-transportation.

The governor is considering Bernie Arseneau, a state transportation agency veteran, and Charlie Zelle, CEO of Jefferson Lines, as possible commissioners.

The Transportation Finance Advisory Committee (TFAC)

TFAC has completed its recommendations to the Governor on transportation revenues and spending. The recommendations and full report will be released later in December. The Summary Report and Recommendations were sent to you on Dec. 3. <http://www.dot.state.mn.us/tfac/docs/TFACSummaryReportNov30.pdf>

The recommendations call for raising taxes by \$20 billion over 20 years and shifting transit funding from the state to metro governments. Sources for additional revenue include increases in local sales taxes, gas taxes and vehicle fees.

Although there was discussion of new strategies such as mileage taxes, the panel's proposals used traditional revenue sources.

Recommendations include:

- Increasing gas tax by 40-cents/gallon over 20 years to bring in an additional \$15 billion for highway improvements. The task force offered two options: (1) 10-cent/gallon increase the first year, with 1.56-cent increases in each of the next 19 years; (2) 3.5-cent/gallon in each of the first five years, followed by annual 1.5-cent increases during the next 15 years. This would be a 140% increase over the current tax.
- Increasing motor vehicle registration fees by 10% to raise another \$1 billion over 20 years.
- Increasing Twin Cities area sales tax by one-half cent to raise \$200 million/year or \$4 billion over 20 years for metro transit.
- Expanding MnPASS tolling system to make a profit rather than just covering expenses.
- Lowering state portion to 37% for bus and LRT operations from its current 61%, fares would cover 28%, and remaining transit costs would be paid by regional governments.