Date: April 12, 2018

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

From: Rob Vanasek

Re: Legislative Report

Legislative committee targets were shared with members of the majority by leadership last night and are expected to be public today. Expect the taxes committees to get the bulk of the surplus dollars available. All major appropriations bills will come together next week, amended and passed to the Senate Finance and House Ways and Means Committee by week's end.

The bonding committees will begin regularly meeting and the Senate had a walkthrough of the governor's bonding bill earlier this week.

Transportation Committees

Transportation committees have focused on the MNLARS mess and the legislature has provided the emergency funding of $10 million requested by the Dayton Administration. Additional bills providing the remaining balance requested are being heard in between hearings focused on the state's information technology weaknesses.

The Senate Transportation Committee passed a constitutional amendment bill out to their Rules Committee that primarily constitutionally dedicates the sales taxes on auto parts to roads and bridges. Highlights are below. The House has not introduced a similar bill.

The House Transportation Policy Committee put together an omnibus policy bill (HF3368, 1st engrossment) that contains a provision (sec. 41) that nullifies $300,000 of an existing general fund appropriation for Orange Line. A few of our members and I have shared our concerns with a few members of the House on this provision.

I testified on a bill that would create a metropolitan congestion mitigation component within Corridors of Commerce, but unfortunately the second article of the bill providing funding is very problematic and opposed by many local governments including many of our members. Neither article is likely to be enacted this year. My testimony is below.

SF 2547 Kiffmeyer, HF 3485 Lucero

SF 2547 continues to await action on the Senate floor. As a refresher: the bill was amended to require that the Corridors of Commerce program allocate at least 50 percent of funds outside the metropolitan area. When the bill was scheduled for the House I did work the committee ahead of the hearing with positive results (keeping the Senate language off). The committee mostly maintained that Corridors of Commerce funds be equally split between the metropolitan area and outside the metropolitan area. The bill was laid over for possible inclusion in the House transportation omnibus finance bill.

Testimony on HF 3776, Loon, Metro Congrestion Management Component of Corridors of Commerce Created and Fiscal Disparties

"I'm speaking on behalf of the I-35W Solutions Alliance, which appreciates the opportunity to support the creation of a component within the Corridors of Commerce Program focused on reducing congestion and improving mobility in the metropolitan area in Article 1 of HF 3776. To be clear, we do not have a current position on Article 2, but do strongly support the traditional funding sources of Corridors of Commerce via the bonding bill.

The I-35 Solutions Alliance supports funding, building, operating and maintaining a robust multimodal transportation system along the 35W corridor, the state's busiest, and its feeder routes between Elko New Market and downtown Minneapolis that reduces congestion, improves safety, and enables economic competitiveness.

This committee helped deliver new funding to the Corridors of Commerce program last year and potentially additional dollars this year. The program provides additional highway capacity at bottlenecks improves the movement of freight and reduces barriers of commerce.

No corridor in the state has a worse bottleneck for commerce or freight than at where I-35W meets I-494.

Without very significant funding the 18th worst bottleneck in the nation will not likely see improvement in the near or distant future as only 42.3% of MnDOT funds go to the metro and that percentage is expected to drop considerably - despite the metro having over half the state's population (56%) in 2015, and even though 94% of the state's net population growth 2015-2040 will be in the metro district. According to the recent MNSHIP the Twin Cities mobility needs in the next twenty years are $4.34 Billion.

The Corridors of Commerce program, as well as other funding programs, should recognize the higher intensity of traffic congestion in the metro area, the often higher cost of delivering projects, and the economic benefits resulting from large metro transportation projects. Projects like the I-494/I-35W interchange project affect people not just from the region, but from all over the state and other states as well."

Bills of Potential Interest

HF 3298 Loon//SF 3051 Cwodzinski – Southwest Transit bus garage
HF 3316 Rosenthal – 35W/494 interchange phase I bonding bill ($67,600,000)
HF 3364 Runbeck – Met Council budget and reporting modifications
HF 3369 Runbeck – omnibus transportation policy
HF 3521 Runbeck//SF3349 Osmek – Met Council highway expansion solicitation
HF 3485 Lucero//SF 2547 Kiffmeyer – C of Commerce metro vs. non-metro allocation
HF 3469 Runbeck//SF 3571 Chamberlain – require transit plan and exclude light rail transit, commuter rail, and streetcars
HF 3461 Bernardy//SF 3461 Kent – trunk highway performance plan
HF 3698 Smith//SF 3602 Koran – public private infrastructure partnerships authorized
HF 3683 Runbeck//SF 2998 Newman – eliminate CTIB
HF 3681 Runbeck//SF 2999 Newman//SF 3418 Chamberlain – legislative auditor review of Met Council
HF 3617 Albright//SF 3232 Osmek – Metro Transit funds shifted to opt outs
HF 3616 Albright//SF 3423 Pratt – suburb to suburb transit demo project
HF 3804 Barr, R.//SF 3703 Osmek – SHIP revision and focus on mobility required
HF 3776 Loon//SF 3567 Anderson, P. – Corridors of Commerce metro congestion; fiscal disparities shifts

HF 3915 Hertaus//SF 3682 Osmek – constitutional amendment on MVEST formula
HF 4004 Runbeck//SF 2751 Osmek – operations of LRT do not include enhanced service
HF 4314 Ward//SF 3909 Kent – 94/494/694 interchange bonding request ($210M)
HF 4079 Hertaus//SF 3683 Osmek – collocation of freight and light rail prohibited
HF4213 Runbeck//SF 3908 Osmek – local governments and Met Council requirements
SF 3837 Newman – constitutional amendment on auto parts sales tax to transportation

Below are summaries and partial reprints of some of the above bills.

Highlights of Auto Parts Sales Taxes Constitutional Amendment SF 3837, Newman

Establishes the new road and bridge fund that will consist of the tax proceeds identified in section 3. The fund is distributed as follows: four percent to small cities assistance account; 3.25 percent to the town road account; and 1.75 percent to the town bridge account. Of the remaining balance, 62 percent goes to the trunk highway construction fund, 29 percent to the county state-aid highway fund, and nine percent to the municipal state-aid street fund.

Identifies the tax proceeds that will be deposited into the road and bridge fund. The sales tax on the sale and purchase of repair and replacement parts for motor vehicles and trailers is deposited into the road and bridge fund. The proceeds are phased in over three years. The revenue from rental motor vehicle sales tax and the rental motor vehicle tax are also deposited into the road and bridge fund; these funds are currently statutorily dedicated.

Constitutionally dedicates the motor vehicle lease sales tax revenue, which is currently statutorily dedicated. These tax proceeds are distributed to the county state-aid highway fund; the greater Minnesota transit account; and for local bridges. The current allocation is in Minnesota Statutes, §297A.815, subdivision 3. The percentage to be allocated to each entity is set in statute and can only be changed every six years.

Creates a small cities assistance account will receive the funds allocated to cities that do not receive municipal state-aid street funds.

There is no House companion, and only the only introduced transportation related constitutional amendment is HF 3915/SF 3682 Hertaus/Osmek related to MVEST funds:
~~60~~ 70 percent of the money collected and received must be deposited in the highway user tax distribution fund, ~~36~~ 27 percent must be deposited in the metropolitan area transit account under section 16A.88, and ~~four~~ three percent must be deposited in the greater Minnesota transit account

HF 3804 Barr, R.//SF 3703 Osmek SHIP revision and focus on mobility required

(a) By September 30, 2019, the commissioner of transportation must adopt a revised 20-year statewide highway investment plan under Minnesota Statutes, section 174.03, subdivision 1c, that:

(1) establishes mobility in the Department of Transportation's metropolitan district as a high-priority investment category;

(2) allocates sufficient funds to achieve an appreciable reduction in congestion compared to anticipated congestion levels under the most recent statewide highway investment plan; and

(3) prioritizes general purpose lanes or dynamic shoulder lanes over lanes for which a user fee is imposed.

(b) The allocation of funds under paragraph (a), clause (2), must use funding currently identified for the Department of Transportation's metropolitan district, and must not result in a reduction of funds distributed to other districts.

(c) The commissioner must revise the statewide multimodal transportation plan under Minnesota Statutes, section 174.03, subdivision 1a, or other plans as necessary to conform with the requirements under paragraph (a).

HF4213 Runbeck//SF 3908 Osmek local governments and Met Council requirements

~~Guideway~~ Capital ~~project~~ projects; requests to legislature.

A state agency or local unit of government that submits a request to the legislature to obtain state funds for a guideway or busway project shall, as part of the request, provide a summary financial plan for the project that presents the following information as reflected by the data and level of detail available in the latest phase of project development:

(1) capital expenditures and funding sources for the project, including expenditures to date and total projected or estimated expenditures, with a breakdown by committed and proposed sources of funds; and

(2) estimated annual operations and maintenance expenditures for the project, with a breakdown by committed and proposed sources of funds.

EFFECTIVE DATE; APPLICATION.

This section is effective January 8, 2019, for requests submitted on or after that date. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 2.

Minnesota Statutes 2017 Supplement, section 473.4485, is amended by adding a subdivision to read: Subd. 1b.

Capital projects; federal funding.

(a) Unless the requirements under paragraphs (b) to (d) have been met, a state agency and any local unit of government are prohibited from submitting an application or request for federal funds, or entering into an agreement that provides federal funds, for a guideway or busway capital project.

(b) The state agency or local unit of government must develop a summary financial plan that meets the requirements under subdivision 1a, and must prepare an estimate of the transit facility's life cycle cost that, at a minimum:

(1) identifies the comprehensive costs of (i) initial construction, including but not limited to design, engineering, environmental analysis, land acquisition, and construction, and (ii) capital maintenance, repair, replacement, improvements, and facility expansion;

(2) uses the greater of 25 years or the design life of the facility; and

(3) is developed using a standard methodology and assumptions that are identified in detail as part of the analysis.

(c) The state agency or local unit of government must submit the financial plan and life cycle cost estimate to the legislative auditor. The legislative auditor must review the submission, including the data, assumptions, and methodology, and provide comment to the state agency or local unit of government.

(d) The state agency or local unit of government must make reasonable efforts to present the financial plan, life cycle cost estimate, and legislative auditor comments to the members and staff of the legislative committees having jurisdiction over capital investment and transportation finance, and to the Legislative Commission on Metropolitan Government.

(e) This subdivision does not apply to federal funds made available to a state agency or local unit of government using a formula-based distribution that is not project specific.

This section is effective January 8, 2019, for applications or requests submitted on or after that date and agreements entered into on or after that date. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.