

Date: June 13, 2019

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

From: Rob Vanasek

Re: Legislative Report

It's Over

It took a special session that lasted about 21 hours straight following most of a week of finalizing negotiations and legislative language to get there, but the state has a two year budget in place. Two weeks ago today, the governor signed all of the budget bills into law.

The “big” wins allowing the deal to get done included a 2% increase followed by another 2% increase for schools insisted on by the governor. A .25% tax cut on the second state income tax bracket was insisted on by the Senate (as well as no increase in the gas tax). The provider tax was not allowed to sunset, but it was reduced by 10%.

To make everything pencil out in the “grand” agreement there was a raid on the budget reserve of just shy of a \$500M in the second biennium (FY22-23).

Counties and cities did get a boost in county program aid and local government aid.

Policy disagreements will carry over to 2020.

Divided Government Not Good For Transportation

Overall, not much progress was made on advancing additional transportation future funding in 2019. The Senate had basically passed a lights on bill and the House’s revenue raisers and subsequent new transport dollars backslid to the Senate position resulting in a mainly status quo transportation bill in the First Special Session of 2019.

In the global agreement between the House, Senate and Governor, there was one-time money added. An additional \$23.19M was added to partially offset the operating deficit facing Metro Mobility and another contingent \$13M would be used for the same purpose. Also, there was \$13M for deputy registrars’ partial reimbursement for costs associated with the MNLARS mess as well as some one-time money totaling \$55.67M to replace that system. These provisions were all included in First Special Session HF 6 (now Chapter 3)

Also enacted into law was the expansion of Metro Mobility into Lakeville and platooning of vehicles is defined in law and will be regulated by the state. A minimum disbursement of MVEST dollars will be guaranteed for the next two years. Burnsville and Minneapolis will both be allowed to regulate engine braking noise on specific highway segments.

Not Enacted

The final transportation bill did not include the increased number of passengers required to use the 35W HOV lanes or the removal of current law allowing the 35W corridor to keep its MnPASS funds for use of transit on the corridor. 35W is the only MnPASS lane that is also a transitway and the Senate proposed to take funding away from improving transit on 35W.

The removal of the prohibition to study the Dan Patch corridor was also not included in the final transportation bill.

No Bonding Bill

Despite agreement between the House, Senate and Governor on doing a bonding bill containing \$440M in General Obligation bonds (and \$60M for Housing Infrastructure Bonds) that likely would have had some transportation funding, the minority parties, primarily the House Republicans kept that bill from being introduced. The minority parties have a great deal of leverage when it comes to bonding bills due to a supermajority requirement to pass bills that increase the state's debt. This year's global negotiations did not include either minority leaders unlike recent years.