

Date: February 9, 2023

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

From: Rob Vanasek

Re: Legislative Report

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This legislative session has been the fastest moving in history with record breaking numbers of bills introduced, passed and enacted into law. Well over 50 bills have been referred to the Senate Transportation Committee within the first few weeks of session.

Unfortunately, nearly none of the fast-moving bills seeing floor action have anything to do with transportation policy or financing other than the state's response to the Federal Infrastructure Investment and Jobs Act (IIJA) bill. More details on that under HF 26 below.

The February Economic Forecast is due out near the end of this month. The forecast is used to set the final overall budget numbers for the next two years. Hallway chatter indicates it's possible the state's surplus may grow from the November Economic Forecast levels. While good news for the state, the current majorities are not interested in using general fund money for transportation. The Transportation Chairs are getting some push back on their hopes to use some surplus dollars for the transportation system and instead use traditional financing mechanisms that fund the Highway Tax Distribution Fund (HTDF). These mechanisms primarily include the gas tax, Motor Vehicle Sales Tax (MVST), and Registration fees.

**HF 26 Koegel//SF 24 Dibble, Federal Infrastructure Investment and Jobs Act funding provided, and money appropriated**

The bill passed the House 128-0 and the Senate 65-0. It was signed into law Tuesday and is the 6<sup>th</sup> Chapter of Law this session. The MN IIJA response bill appropriates \$315.5 million from the trunk highway fund in fiscal year 2023 to MnDOT for their 20% match for IIJA funds for state road construction work on the trunk highway system. The one-time funds are for purposes of the federal IIJA bill and are made available until fiscal year 2025. This amount reflects federal funds (totaling in the billions) currently accessible under the IIJA for the state's roads and can be used for formula or discretionary grant programs under the IIJA.

It does sound like Representative Koegel is working on a bill that would help counties with their local match. I am not clear if it would help cities as well.

**Governor's Budget**

The Governor's Budget Recommendations came out two weeks ago and there's not much in there for transportation outside of a 1/8 cent state sales tax in the metro area that would

be used for transit operations and capital expenses. Additionally, the Regional Transit Bonding Authority in the metro would be \$51.5M in FY 24 and \$53.045M in FY25.

The Governor's budget does mention a general fund transfer and registration fee changes that would add to the HTDF but details are scarce.

In a hearing last week in the House Sustainable Infrastructure Committee portions of the Governor's Budget were presented. Six main goals were broadly outlined that included a couple of transportation pieces: clean transportation, climate-smart natural and working lands, resilient communities, clean energy & efficient buildings, healthy lives & communities, clean economy

- emphasis on resources towards public transit, EVs, biking and walking infrastructure
- allocation of federal funds to public transport
- Met Council request for electric buses & support infrastructure
- grant program for communities to build and enact climate change plans
- emphasis on inter-agency collaboration
  - Chair Koegel asked what are some barriers/gaps that the state can help address to make sure funding is received?
    - technical assistance, providing the communities with partners who are best suited/most trusted to help

The sales tax on auto parts was not in the Governor's budget but is getting some attention by some lawmakers. That legislation may end up focusing those dollars specifically on small cities.

### **Bonding**

Rumors persist that unveiling of a bonding bill is imminent but it has been nearly two weeks and we have not seen a comprehensive bill yet.

The Governor proposed a \$3.3B bonding bill (~1.9B in GO and ~\$900M in GF) that includes \$144M for Local Bridges, \$108M for Local Road Improvement program, \$80M for High Priority Bridges, \$72M for design, environmental work, right-of-way, engineering, and construction of regional busway corridors. \$6M for Active Transportation, \$6 M for Railroad Grade Warning Devices, \$6M in Statewide Freight Safety, \$1.8M in Safe Routes to Schools.

HF 237 Brakeburg/SF 35 Pratt have put in a bonding request bill for improvements in Scott County on US 169 at Hwy 282 and Cty Rd 9; US 169 at Bluff Drive; and US 169 at Delaware Ave.

HF 907 Wolgamott/ SF 1049 Dibble Local Road Improvement grants \$150M for local roads with state or regional importance; \$200M for Local Bridge Replacement and Rehabilitation

## **MnDOT**

MnDOT Commissioner Nancy Daubenberger's nomination as Commissioner was approved by the Senate Transportation Committee. Daubenberger was the South Metro Area Engineer from 2002-2006.

## **Legislative Deadlines**

Expect targets for the finance committees to come out around the second week of March. Last year there was a ~\$900 million surplus and the House proposed to use half of it for new funding on transportation. Both chambers might again consider significant new transportation spending as legislative leadership develops their targets this year.

Committee Deadlines and Legislative Break have been announced:

- March 10<sup>th</sup> is the First Committee deadline
- March 24<sup>th</sup> is the Second Committee deadline
- 5:00 p.m. April 4<sup>th</sup> is the third Committee Deadline - Omnibus Finance Bills must be passed out of committees
- April 5-10 is Passover/Easter Break

## **Repeal of Restrictions on the Study of potential Transit Corridors**

HF 246, J. Hanson/SF 74, Port would repeal two moratoriums: the Rochester passenger rail and "Dan Patch" commuter rail study prohibition. The repeal bill has advanced through the House Sustainable Infrastructure Committee and was heard and laid over in the House Transportation Committee to allow some time for conversations on the bill, but it will pass the committee to the floor. In the Senate the bill was heard and passed to the floor.