

Date: March 9, 2023

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

From: Rob Vanasek

Re: Legislative Report

Records continue to be set on the number of bills being introduced (well over 5,500 so far), bills being heard and those being enacted into law.

The pace has a chance to slow at least at the committee level as tomorrow is First Committee Deadline of all policy bills. Second Committee Deadline follows two weeks later, which is also when joint committee budget targets get set if the rumor is true – that means each committee jurisdiction will know what their individual General Fund spending (or cutting) target is.

The February Economic Forecast is out and even more positive than late last fall. The surplus actually remains steady despite the passage of some relatively smaller tax cut and spending bills as well as the enactment of the return of accounting for inflation in the economic forecasts. The surplus was \$17.6B in November and now in February it is \$17.5B, which is notable considering inflation (totaling several billion) is now accounted for in the new forecast.

The Transportation Chairs have both now been won over on the use of some surplus dollars for the transportation system via the remaining receipts of the sales tax on auto parts, which would add roughly \$150 M to the Highway Tax Distribution Fund.

Representative Koegel has introduced HF 1550 (SF 1562 Dibble) that would help all local governments with their local match to draw down IJA funds from the federal government. The bill would also provide technical assistance grants up to \$30,000/year to locals. In total the bill appropriates \$258M.

Bonding

Two bills passed the House floor on Monday night following some drama throughout the day on whether there'd be the minimum requirement of 11 Republican members voting for the bonding bill to satisfy the supermajority of 81 votes in that chamber. The final tally was 91-43 for the bonding bill projects in HF 669 and 98-36 for the cash bill projects. These two together total \$1.5B in bonding and \$393M in cash. Chair Hornstein touted the funding levels for transportation during debate. Items in the bill include:

Local Road Improvement Fund Grants: \$78M

LRIFG – Townships: \$6M

Local Bridge Replacement Program: \$67M

Highway Railroad Grad Crossings Replacement: \$3.6M

City of Lakeville – Freight Rail Car Storage Facility: \$7M

City of Savage – Road and Bridge Improvements: \$800M
Scott County – TH 282/CASH 9: \$4.9M
Bus Rapid Transit: \$72M
Transportation Economic Development Infrastructure: \$3M

The pressure is now on the Senate to act but the Senate Republicans are saying they will vote no on any bonding bill unless very significant tax cuts are passed first, which is a non-starter for the majority parties. They need 7 Republican Senators to get to the required 41 votes needed for the supermajority required for bonding.

Transportation Committees

The two chairs are busy meeting with each other and their members and putting together a transportation omnibus package. The bill should be unveiled in mid-March. The sales tax on used vehicles may rise, a \$10 renewal fee, additional tab fees, adding in the sales tax on auto parts, and a potential agreement on MVST are all in the mix. A delivery fee is also possible. Total funding investments are expected to be well short of overall need but still provide investments to make up some portion of transportation funding gaps.

MnDOT Budget Presentation

The Governor's transportation recommendations were heard and presented on Feb. 20 in the Senate Transportation Committee. In priority order (truncated):

- multimodal transportation package -- \$722.1m
- tab fee restructure (gives new tax revenue) -- \$700m
- maintain current transit service levels -- \$304.4m
- maximize federal climate transportation funding -- \$8m
- strategic technology system investment -- \$19m
- local transportation disaster support -- \$7.3m
- rail grade crossing safety -- \$5.3m
- capital budget debt service & trunk highway cash -- \$52m

Bills of Interest

- SF 1624, Dibble, would require the Met Council Members to be elected. It was heard and laid over for additional work. Many in support and in opposition.
- SF 1625, Dibble, would transfer projects of a certain cost out of Met Council and over to MnDOT, but MnDOT did testify with concerns about the challenges of staffing these projects. Laid over.
- HF 2045, Tabke, would revise criminal and behavioral requirements on transit service. Heard Tuesday and passed as amended to Ways and Means. New Met Council Transit Chief starting his 2nd week shared his vision to improve security.
- HF1822, Torkelson, would revise Corridors of Commerce. Heard Tuesday, amended and laid over. Rep. Elkins spoke to Alliance successes and CoC gaps.

Repeal of Restrictions on the Study of potential Transit Corridors

HF 246, J. Hanson that repeals two moratoriums: the Rochester passenger rail and "Dan Patch" commuter rail study prohibition was heard on Feb. 16 in House Transportation and passed to the floor. Many amendments offered but not adopted.