

Date: May 11, 2023

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

From: Rob Vanasek

Re: Legislative Report

Many smaller provisions have been agreed to across many omnibus finance bills, but outstanding major budget decisions must be made soon by the legislature, which must adjourn by midnight on Monday, May 22. If a resolution introduced in the House today is agreed upon, they may even adjourn a week from tomorrow. So far 35 bills were passed and sent to the governor and all were signed into law. The House and Senate are building the state budget by adopting their omnibus finance conference committee reports and passing them to the governor, but many major bills are outstanding, including Transportation.

Agreement on joint targets for spending and tax cuts early has allowed much progress to be made but challenges persist, particularly on several policy and tax and fee increases in various bills, including Transportation.

The Transportation Finance Conference Committee, HF 2887

Conferees: H: Hornstein, Brand, Koegel, Petersburg, Tabke; S: Dibble Carlson, Jasinski, McEwen, Morrison

None of the revenue raisers that would substantially increase funds dedicated to transportation or transit have been debated or acted upon by the conference committee to date. As previously reported, those for roads include increasing: tab fees (eventually totaling \$500M/year), Motor Vehicle Sales Tax (\$59M/year), new delivery fee – House only now; removed in Senate Taxes– (\$175-\$211M/year), and a surcharge on tab fees (raising \$52M/year). The metro sales tax of .75% -- House only; Senate was reduced to .5% in Senate Taxes -- (\$540M/year H; \$380M/year S) would go for transit mainly and partially for roads.

Rumors of potentially replacing the delivery fee with more traditional transportation funding revenue raisers like the gas tax have been whispered but it remains unclear if they have the votes for either of those items and questions remain on whether roads will see a very significant influx of funds outside of the tab fees. It seemed like the delivery fee might have died in the Senate Taxes Committee, but there may be a scenario where it returns to life.

The last notable change since last report was the Senate fully phased in the sales tax on auto parts over 10 years following action in the Senate Taxes Committee. The House phases it in over 5 years.

The Committee has adopted lists of provisions at each meeting and most meetings have been quite productive.

The Committee has welcomed members of the public to address the conference committee but there have been no takers.

Adopted so far:

- Study on post-COVID pandemic public transportation. Amends a study on post-COVID pandemic public transportation.
- Guideway uses; reporting. Directs counties in the Twin Cities metropolitan area that have imposed a local option sales tax for transportation purposes to submit a legislative report every other year.
- Obligations. Authorizes the Metropolitan Council to issue up to an additional \$104.5M in “regional transit capital” bonds or similar forms of debt for FY24-25. Jazinski successfully amends so that light rail projects would not be eligible for these bonds. Dibble supported: should only be used for buying buses, bus infrastructure.
- Transit safety & enforcement. Sets requirement on transit rider code of conduct and activities. Jazinski get amendment adopted requiring adjustments to the stakeholder engagement process with the hope to improve the rider code of conduct. The Met Council expects to engage people all around the metro as they finalize the guidelines
- Advisory council on traffic safety. Establishes a Traffic Safety Advisory Council to address traffic safety issues.
- Metro Mobility enhancement pilot program. Directs the Metropolitan Council to create a pilot program on enhancing hours of service for Metro Mobility.
- Transit safety & enforcement. Establishes and amends various provisions related to transit safety and enforcement.
- Electric vehicle infrastructure program. Directs MnDOT to create a statewide electric vehicle infrastructure program and establishes program requirements.
- Grade crossing safety account. Broadens the explicitly permitted uses of funds in the grade crossing safety account.
- Creation of a Highways for Habitat program. Provides for creation of a Highways for Habitat program. Identifies program requirements and requires standards for roadside vegetation management.
- Legislative report; speed safety cameras. Require a legislative report by January 3, 2024, on speed safety camera policies. Specifies report contents.
- Safe road zones. Authorizes and establishes a process for designation of safe road zones. Authorizes speed limit setting.

The conference committee next meets on tomorrow at 2:30 p.m. or later.

Bonding

A bonding deal with Senate Republicans remains elusive and time is running very low.