

Date: March 14, 2024

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

From: Rob Vanasek

Re: Legislative Report

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House Transportation Chair Frank Hornstein announced he made a very difficult decision to retire eight days after he met with us and following the first full week of session. Hornstein is a very talented legislator and an extraordinary champion of transportation issues at the Capitol. We wish him very well as he enjoys his new life priorities.

Yesterday was Transportation Day on the Hill. At the last minute Governor Walz's staff confirmed his attendance and Governor Walz spoke to the 175 transportation advocates in attendance about his desire for a strong bonding bill with robust funding for the bonding transportation programs. He said he wants a good bonding bill and he will sign whatever is able to get to his desk. The Governor also said he'd like to speed up the transfer rate of the auto parts revenue from the General Fund from last year's 10 year schedule.

### **Bonding**

Bonding is the main game this year for transportation. We hope to see the Governor's supplemental bonding recommendations to the legislature and his supplemental budget later today. As reported last meeting, a small percentage of General Obligation bonds in the Governor's bonding bill recommendations in January were for transportation programs. Overall he also included only \$28M in General Fund cash in the bill. With the improved February Economic Forecast (which was ~\$2.1B to the positive over the next four years), it is expected he may increase the GF portion of the bill. Minority votes are needed to get a bonding bill done and they will likely be able to take credit for pushing the transportation programs funding higher in the final bill. Many minority members are in support of the bonding platforms for roads and bridges of the Transportation Alliance and local government organizations (which are carried in a bill by Senate Transportation Chair Dibble), but are very opposed to earmarked funds for non-profits.

The Speaker had said she had given her Capital Investment Chair a zero GF/cash target for the bonding bill prior to the new Forecast and now she's reexamining that target. The Forecast improvement allows an increase of available debt service from about \$800M in total GO to \$980M in GO, which is welcome news.

After today the second of three major bills of the session will be on its way to the Governor's desk. The last major to-do on the Speaker's agenda is the bonding bill.

**HF 3582 Lee – see 1<sup>st</sup> Engrossment/SF 3782 Pappas**

Several of us are concerned about bills authored and heard by Capital Investment Chair Fue Lee and Capital Investment Chair Sandy Pappas, which would require local governments to essentially fund a very sizable escrow account if they receive state bonding dollars for local projects.

The House File was heard in State and Local, amended, and passed to Capital Investment. The Senate File is being heard this afternoon in Capital Investment.

We are arguing that this bill's "Replacement account establishment" requirement should not apply to transportation projects as they don't just benefit the community, they are located in but benefit the much broader region and beyond. Transportation projects are funded often with a mix of state bonding dollars, federal dollars, local dollars and state transportation funding. It does not make sense to require a local government to cover an escrow fund just because a certain project is located in that jurisdiction when transportation projects benefit everyone. We are hoping all local government folks amplify this, not just the transportation folks.