

Date: March 13, 2025

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

From: Rob Vanasek

Re: Legislative Report

While nearly as many bills have been introduced this session as during the last budget setting session, in stark contrast to the pace of laws being enacted then none have been passed into law now.

Following the special election Tuesday the House is back to its full membership, but neither party in the House has the 68 seats needed to pass bills into law without bipartisan support. Transportation Chair Jon Koznick must share the gavel equally beginning next week in the House with incoming Chair Erin Koegel. Just like the House floor, no bill will be able to pass out of committee without bipartisan votes.

Committee Deadlines have been announced: April 4 and 11. They are truncated and combined, and they're later than usual to allow committee hearings under the expected joint power sharing agreement with co-chairs. First and Second Committee Deadlines land on the same day and are three very full weeks away, followed by the Third Committee Deadline/start of Legislative Break a week later on April 11.

House Finance Committees should know their targets by the start of first committee deadline week if House Rules are followed – that means each committee jurisdiction will know what their individual General Fund spending (or cutting) target is with potentially less than two weeks to assemble their Finance bills setting the budget for the next two years. Many talk of a June Special Session and potential State Government Shutdown. I hope we are done on time.

The February Economic Forecast was released a week ago and while the outlook continues to be exceptionally poor (\$5.1B deficit grows to be \$6B) in year three and four, there remains a smaller surplus in this budget biennium. The even worst news is that no economic data was used beyond February 10th and the Forecast does not reflect recent Federal government actions. Additionally, depending on future Federal government actions, some senior legislative leaders have commented that the state may have to come in to hold a special session in the fall to cut many programs operated with federal dollars, which make up a third of the budget. Most Federal funds received by Minnesota go to HHS programs and Transportation. Legislators of all stripes are voicing concerns on potential Federal action impacts to the state budget.

It is still unclear if the Governor will release a supplemental budget (with even minor changes), which he is not required to do.

Bonding/Senate Transportation

The Senate Capitol Investment Committee continues to hear presentations and overviews, but Chair Pappas has not taken up individual bills.

The House Capitol Investment Committee has focused on many local water and other projects but has not spent time on transportation projects yet.

However, the Senate Transportation Committee held hearings on the I-35/County Road 50 interchange bills, (SF 1264, TH bonding, and SF 1265 GO bonding, both Duckworth), on a day that Chair Dibble handed the gavel to Senator Jasinski. Commissioner Holberg testified in favor and Senator Duckworth did answer he would vote for a bonding bill if the interchange funds were included while pointing out he was seated next to Commissioner Holberg at that moment. Rep. Virnig from Eagan has added her name as a co-author to both companion bills in the House.

The Governor's bonding recommendations were largely presented to the Senate Capitol Investment Committee but there was bipartisan criticism. The lack of funding for Transportation programs was called out by Senators of both parties in strong terms.

Unfortunately, the February Forecast reduction in current surplus/increase in the future deficit does lower the cap of a bonding bill from near \$800M down to an even \$700M.

House Transportation/Taxes

HF 5, Joy, passed out of Taxes and back to Transportation. Rep. Joy has said his intent is to keep road and bridge funding whole, but the bill eliminates the 50 cent delivery fee on items over \$100 and eliminates gas tax indexing. Rep. Joy did amend the bill in. Taxes and by pulling in Blue Line allocations, other revenues, and fees from other's accounts Rep. Joy did make local government accounts whole (Transportation Advancement Account, CSAH and MSA) but continues to increase the funding gap for the THF. MnDOT has testified the Trunk Highway Fund would be shorted \$130M/biennium.

Yesterday House Transportation heard a presentation by MnDOT from the Transportation Greenhouse Gas Emissions Impact Mitigation Assessment Technical Advisory Committee on the impacts to transportation project development and costs. The Committee then heard a bill, HF 748, Koznick, that addresses many concerns on the new laws enacted recently on GHG emissions. The bill, among other things, would not eliminate the GHG project assessment criteria and mitigation of Vehicle Miles Traveled, but the bill would make that priority secondary to safety on the Trunk Highway system, raise thresholds from \$15M to \$30M, and eliminate the VMT analysis on the local road systems.