

Date: March 12, 2026

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

From: Rob Vanasek

Re: Legislative Report

Transportation committees, particularly in the House, have been focused on numerous policy bills this year as the budget is set in the odd years. Even years traditionally have been bonding years but are sometimes referred to as policy sessions. Most are hopeful that we see a bonding bill come together this year.

House Transportation

The House Transportation Committee has heard several presentations and updates:

- Tara Olds, Director of Connected and Automated Vehicles at the Minnesota Department of Transportation, provided an update on Connected and Automated Vehicles in Minnesota.
- Charles Carlson, Director of Metropolitan Transportation Services, presented the 2026 Metropolitan Council High-Subsidy Transit Route Analysis Legislative Report.
- Philip Schaffner, Director of the MnDOT Office of Transportation System Management went over the work done (including by Julie Long) to update policies to provide the framework and guidance to determine cooperative construction costs and maintenance responsibilities on projects that affect Trunk Highways and cost participation and maintenance with Local Units of Government – starting July costs paid by local governments on MnDOT projects will be capped at 0.8% of the local's 5-year average adjusted net tax capacity.
- Margaret Donahoe, Minnesota Transportation Alliance gave an overview that included the \$1B+/annually in unfunded needs on the Trunk Highway system and another \$1B/annually of unfunded needs on the local system of roads and bridges.

Policy bills that have passed out of the House Transportation Committee include:

- HF 3739 (Koegel) Highway 610 designation as Hortman Memorial Highway
- HF 3429 (Kraft) Intelligent speed assistance program established, revocation period for certain speeding offenses extended, speed-controlled license restriction created, rulemaking required, and money appropriated.
- HF 3431 (Sencer-Mura) Traffic safety camera system pilot program modified and made permanent.
- HF3241 (Stier) Certain limitations on display of dynamic electronic content while operating a motor vehicle.

- HF 3356 (Huot) Removal of identifying equipment and insignia from emergency vehicles sold to the public required.
- HF 3695 (Johnson) Task force on standardized identification for emergency responders established, report required, and money appropriated.
- HF 4111 (Koznick) Consolidating transit in the metro

Bills that were heard and have not yet made it out of Committee include:

- HF 3513 (Koznick) autonomous vehicle regulation legislation
- HF1335 (Tabke) allowing electronic drivers' licenses
- HF 3728 (Koegel) requirements on trunk highway system maintenance and expansion established, including to limit trunk highway capacity expansion projects in certain circumstances and to require transportation asset management plans

This last bill modifies a variety of highway system process requirements for MnDOT, including provisions that include limitations on trunk highway expansion projects, planning requirements for trunk highway maintenance following a capacity expansion project, modifications to requirements in capital highway investment plans, a mandate for a transportation asset management plan, and revisions to other transportation performance measurement and reporting. MnDOT's 20-year State Highway Investment Plan (MnSHIP) spends 61% of total revenues on maintenance and preservation of the existing system preservation and about 3.3% of total revenues over the next 20 years are slated to be spent on highway mobility projects that would add capacity. Labor, cities, counties, the Transportation Alliance, and contractors sent in a strong letter of concern about the current underfunding of the system and the need to provide capacity expansion and safety improvements.

On the agenda for next week:

- HF 3430 (Kraft) surcharges for electric and hybrid vehicles modified and a surcharge on heavier vehicles

Senate Transportation

In the Senate Transportation Committee activity has included a vote to recommend to the full Senate to confirm Robin Hutcheson as the Metropolitan Council Chair – her confirmation is on the Senate floor at 11:00 a.m. today.

The Committee has heard most of the same presentations and updates as the House, but fewer bills. It heard the Electricity as a Vehicle Fuel Working Group Final report yesterday and took up SF 4169, Johnson Stewart, which indexes to Highway Construction Cost Index and modifies the tax imposed on electricity sold at retail for vehicle fuel.

Bonding

Bonding is the main game this year for transportation and the Governor said it's his priority to get a capital investment bill enacted this year.

On Tuesday MnDOT Commissioner Nancy Daubenberger presented the Governor's Capital Budget Recommendations to the Senate Capital Investment Committee. Out of \$907M in bonding recommendations the Governor is only recommending \$68M for transportation programs and projects. MnDOT has ranked the priority of these funds:

1. \$50M in Trunk Highway Bonds for the High Priority Pavement Program
2. \$4M General Obligation Bonds for the Port Development Assistance Program
3. \$4M THF cash for the Drainage Asset Management Program
4. \$8M THF cash and \$2M General Fund Cash for a partial Transportation Building Remodel

A major concern is a large looming and quick decline of pavement conditions in the next ten years that if not address will result in safety, commerce, tourism and daily travel. Senators Carla Nelson, Karin Housley, John Jasinski, and Scott Dibble all commented that they were disappointed there was not more funding for transportation and particularly the Local Bridge Replacement and Local Road Improvement Programs. When asked, Commissioner Daubenberger shared that they can draw on federal funding for bridges but that federal government funding for pavement is lacking. She also shared that each District evaluates pavement conditions within that District for prioritization. Senator Dibble said he wants to learn more.

Today House Capital Investment at 10:15 a.m. will hear the official Debt Capacity Forecast Report, Minnesota Management and Budget Office and in the posted materials \$1.2B in General Obligation Bonds (and Chair Fue Lee has said that another \$700M could be done in Trunk Highway bonds) is the lowest level under the three guidelines used for how big a bonding bill could be:

- Guideline #1: Total outstanding principal for tax-supported debt shall not exceed 3.25% of state personal income
- Guideline #2: Total authorized principal for tax-supported debt, including state moral obligations and equipment capital leases, shall not exceed 6% of state personal income
- Guideline #3: At least 40% of outstanding general obligation debt shall be scheduled to mature within five years, and at least 70% within ten years

Each guideline measures debt differently, and because of these differences the maximum authorization amounts can vary but under current assumptions for 2026:

- Guidelines 1 and 2 could permit \$4 billion based on personal income
- Guideline 3 permits \$1.2 billion under a level principal structure

The Transportation Alliance is advocating for aggressive funding amounts for transportation in the bonding bill:

- Local Bridge Replacement Program - \$160 million - \$200 million (GO bonds)
 - Local Road Improvement Program - \$150 million - \$200 million (GO bonds); (\$4.5M cash)
 - Local Road Wetland Replacement Program - \$18.5 million GO bonds and \$16.5 million GF
 - Corridors of Commerce - \$400 million (Trunk Highway Bonds)
 - Bus Rapid Transit/Busway Capital Improvements - \$75 million (GO Bonds)
 - Greater MN Transit Capital - \$10 million (GO Bonds)
 - Port Development Assistance Program - \$45 million (GO Bonds)
 - Minnesota Rail Service Improvement Program - \$20 million (GO Bonds)
 - Highway Railroad Grade Crossing Devices - \$10 million (GO Bonds)
 - Safe Routes to School - \$10 million (GO Bonds)
 - Electric Vehicle Infrastructure Program - \$5 million (GF)
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