



Alliance Legislative Update

July 15, 2011

Governor and Legislative Leaders Agree to Budget Deal

Shutdown Should End Next Week

Yesterday afternoon the Governor and legislative leaders announced that they had agreed on the broad outlines of a deal that would allow for a two-year budget to be put into place, ending the state government shutdown that began on July 1st.

Before the announcement, the two sides were \$1.4 billion apart out of a \$5 billion projected deficit. Both sides had agreed to spending cuts that had reduced the size of the deficit to the remaining \$1.4 billion. Governor Dayton had insisted on additional revenue which could have come from an income tax increase on those earning more than \$1 million per year or an increase in the cigarette tax along with some tax reforms, a health care surcharge and a shift in payment of education funds. During the regular legislative session, the GOP had insisted that the budget be no larger than \$34 billion and would not support any tax increases. On June 30, 2011, Republican leaders provided an offer to Governor Mark Dayton in an effort to avoid a state government shutdown that included a shift in school aid payments that would free up an additional \$700 million and issuance of bonds backed by future tobacco settlement funds to provide approximately \$700 million in spending. The offer also included a number of controversial policy provisions including a cut in the state workforce of 15 percent.

Yesterday, the governor announced that he would go along with the proposal to issue tobacco bonds and to further shift school aid in an effort to end the state government shutdown. He added some conditions to reaching a deal: none of the controversial policy provisions, not including the 15 percent cut in the state workforce and the inclusion of a capital bonding bill of \$500 million.

With agreement between the governor and legislative leadership on the basic budget deal, the final details need to be worked out on each of the 9 budget bills (the agriculture funding bill was the only budget bill signed during the regular session) and the capital bonding bill. Legislators and staff will be working throughout the weekend to draft bills. The governor said he hoped to call the legislature back to a special session in the next few days to pass the budget and bonding bills. The session could be called for Monday or Tuesday next week.

Bonding for Transportation

With agreement that a \$500 million bonding bill will be included in the global deal, we certainly want to advocate for the inclusion of funds for transportation projects in the bonding bill.

Thank You! to everyone who sent e-mails and made phone calls to legislators urging an end to the shutdown. We had hundreds of messages in to legislators and the governor. Now we have a real opportunity to get some additional transportation projects funded through a capital bonding bill. Please take a minute to send an e-mail message to your legislators TODAY urging them to support transportation projects.

Here are the bonding recommendations approved by the Board of the Transportation Alliance:

- At least \$50 million for the Local Bridge Program
- Two-year funding of \$100 million for the Local Road Improvement Program
 - \$40M Routes of Regional Significance Account – including funding for a 10-ton network of county highways
 - \$40M Rural Road Safety Account
 - \$20M Trunk Highway Corridor Account – to match state funds provided for interchange projects

- \$8M for Rail Service Improvement Program
- \$10M to recapitalize the Port Development Assistance Program
- \$9M to fund installation of railroad grade warning devices at railroad grade crossings with paved county highways that currently have no signals.
- Metro Transitways
 - Cedar Avenue BRT - \$8.4M
 - Northstar Ramsey Station - \$4M
 - Red Rock - \$.5M
 - Southwest LRT - \$5M
 - Gateway Corridor - \$1M
- Northern Lights Express - \$5M
- Minneapolis Interchange LRT improvements - \$20M
- Robert Street - \$200,000
- Union Depot - \$8.5M
- Greater Minnesota Transit
 - Duluth Multi-modal Transit Terminal - \$6M
 - Mankato Bus Garage - \$5.2M
 - Northfield Transit Station - \$520,000
 - Rochester Transit Garage - \$13.6M
 - Stewartville Park and Ride - \$220,000
 - St. Cloud Operations Center - \$1.2M

The Chairs of the Capital Investments Committees are:

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| Senator David Senjem | sen.david.senjem@senate.mn | 651-296-3903 |
| Rep. Larry Howes | rep.larry.howes@house.mn | 651-296-2451 |

You can reach the Chairs of the Transportation Committees at:

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|-------------------|--|--------------|
| Senator Joe Gimse | sen.joe.gimse@senate.mn | 651-296-3826 |
| Rep. Mike Beard | rep.mike.beard@house.mn | 651-296-8872 |

Stay Tuned For More Details

As more details emerge regarding the budget and bonding bills, we'll send information to you. We'll also be asking for information on the start-up of suspended projects and plans for future project lettings.