



## **2016 Election Overview**

The outcome of the 2016 elections has definitely altered the landscape for transportation policy and funding initiatives. From the Presidency down to state legislative races, we face a new legislative dynamic and many new faces.

What hasn't changed: the huge need for resources to increase the nation's and the state's investment in the transportation system and bipartisan agreement on that fact. Prior to the outcome of Tuesday's election we were hearing from candidates on both sides of the aisle that increasing investments in infrastructure was an area of agreement. Candidates for Minnesota's legislature brought up the need for a comprehensive, long-term transportation funding package over and over again in news stories, candidate profiles and candidate forums. We were hearing more from candidates about transportation than we have in previous election cycles.

Voters in other states, made their voices heard by approving ballot initiatives in 22 states that increased and stabilized funding for transportation.

*As we head into 2017, transportation advocates have a huge opportunity to capitalize on the widespread support for infrastructure improvements. However, it will take the involvement of transportation advocates across the state making their voices heard to rise above partisan squabbling and the many other issues that will be on the table.*

## **National**

### **Presidential Election Results**

Electoral Votes Needed to Win: 270 \*Remaining: 16

<b>Trump (R)</b> Electoral Votes	290	Popular Vote	60,375,961
Clinton (D) Electoral Votes	232	Popular Vote	61,047,207

Minnesota

<b>Clinton (D)</b>	percent 46.9%	votes 1,366,676
Trump (R)	percent 45.4%	votes 1,322,891

The race for the White House defied the polls and expectations as Donald Trump won more than the needed 270 votes in the electoral college while Hillary Clinton narrowly won the popular vote. Trump will have a GOP controlled Congress to work with as he begins his four-year term leading a nation that remains hugely divided, with many people upset and unsure of what the next four years will hold.

As he made his victory speech, one issue that he mentioned was his plan to invest in the nation's infrastructure:

"We are going to fix our inner cities, and rebuild our highways, bridges, tunnels, airports, schools hospitals," he said in his acceptance speech early Wednesday morning. "We are going to rebuild our infrastructure, which will become, by the way, second to none and we will put millions of our people to work as we rebuild it."

The Trump plan for infrastructure lists the following points:

- Transform America's crumbling infrastructure into a golden opportunity for accelerated economic growth and more rapid productivity gains with a deficit-neutral plan targeting substantial new infrastructure investments.
- Pursue an "America's Infrastructure First" policy that supports investments in transportation, clean water, a modern and reliable electricity grid, telecommunications, security infrastructure, and other pressing domestic infrastructure needs.
- Create thousands of new jobs in construction, steel manufacturing, and other sectors to build the transportation, water, telecommunications and energy infrastructure needed to enable new economic development in the U.S., all of which will generate new tax revenues.
- Put American steel made by American workers into the backbone of America's infrastructure.
- Link increases in spending to reforms that streamline permitting and approvals, improve the project delivery system, and cut wasteful spending on boondoggles.

Trump's pledge for [\\$1 trillion](#) in investment, based on a [proposal crafted](#) by economist Peter Navarro and billionaire financier Wilbur Ross, talks about a "bold, visionary plan. ... in the proud tradition of President Dwight D. Eisenhower." But it would rely heavily on private funding that's driven by a tax credit — whose cost they say would be offset by tax revenues reaped from the resulting jump in business activity. That tax scheme would apply **only to money-making infrastructure projects like toll roads and airports.**

To experts in transportation policy, that language suggests relatively little — in fact, possibly no — investment on the federal level, relying instead on tax breaks to entice the private sector into opening up its wallet.

Trump initially floated a much different version last summer, telling the Fox Business Network the government would spend as much as \$550 billion and "make a phenomenal deal with the low interest rates." Pressed on the cost, he added: "We have bridges that are falling down. I don't know if you've seen the warning charts, but we have many, many bridges that are in danger of falling."

The Trump plan would require investors to take an equity stake in projects, essentially putting a down-payment on funding. That would amount to about one-sixth of total funding, with the rest coming from borrowing, for a 5-to-1 leverage ratio. For \$1 trillion in total investment, a 5-to-1 leverage ratio would require equity investors to pony up \$167 billion, nearly twice what Washington already spends each year on infrastructure.

Under the Trump plan, the federal government would offer an 82% tax credit on the equity investment, sharply reducing the risk to investors. That would make people more likely to invest while

also lowering the interest rate states and municipalities would have to pay on the debt they issue to finance the rest of the cost. The feds would essentially be guaranteeing part of each project funded in this way, raising the confidence of investors, lowering borrowing costs and making such investments more affordable.

These tax credits offered by the government would be repaid from the incremental tax revenues that result from project construction in a design that results in revenue neutrality. Two identifiable revenue streams for repayment are critical here: (1) the tax revenues from additional wage income, and (2) the tax revenues from additional contractor profit. Companies paying the ten percent tax on the repatriation of overseas retained earnings could use the tax credit on infrastructure equity investment to offset their tax liability on bringing the money back. This would effectively convert a tax liability into an equity investment in an infrastructure project.

If this sounds familiar it's because this is the same economic theory that President Obama's stimulus package (American Recovery and Reinvestment Act) relied on. Because of that fact, Trump's plan is not being warmly embraced by conservative Republicans.

Dan Holler, spokesman for the group Heritage Action for America, questioned the job-creation claims for such plans, in the same way that conservatives have scoffed at the benefits of President Barack Obama's \$832 billion stimulus.

"Conservatives do not view infrastructure spending as an economic stimulus, and congressional Republicans rightly rejected that approach in 2009," said Holler, whose group is the political arm of the Heritage Foundation.

Senate Commerce Chairman John Thune (R-S.D.) and House Transportation Chairman Bill Shuster (R-Pa.) both gave Trump's proposal some encouraging though non-committal words Thursday. Thune said through a spokesman that he "supports enacting a national infrastructure improvement plan," while a spokesman for Shuster's committee said he's "encouraged ... that the idea of addressing transportation is gaining some traction in Washington."

Congressional Democrats are much more enthusiastic than conservatives about this proposed increase in domestic spending. On Wednesday, House Minority Leader Nancy Pelosi told fellow Democrats that her party wants to work with Trump "to pass a bill very fast," according to a source on a conference call.

With only 51 or possibly 52 GOP seats in the Senate and the ongoing need for 60 votes to avoid a filibuster, any infrastructure or transportation plan will have to have some support from Democrats. The question for transportation advocates remains – how will Congress and the Administration fund transportation long-term? Trump hasn't suggested any fix for the cash-strapped Highway Trust Fund, a problem that will become more and more urgent as the FAST Act funding faces its expiration in 2020.

One of the biggest issues being discussed at the federal level is tax reform, with Trump and the GOP agreeing on the goal of cutting taxes. Congressional leaders and transportation advocates have talked about the potential for dedicating tax revenue from repatriated dollars to infrastructure as part of an overall tax reform plan. This could provide a path for ongoing transportation funding.

Martin Whitmer is serving as the Trump transition team's point person for transportation and infrastructure policy. Whitmer is a lobbyist at Whitmer & Worrall, where he is the head of the transportation and infrastructure practice. The outfit has advocated for Honeywell, Penske Truck

Leasing, Virgin America and the Geosynthetic Materials Association. He is also a member of the Eno Center for Transportation's board. From 2001 to 2005, Whitmer served as DOT's deputy chief of staff. Before that, he was vice president of government relations at the American Road & Transportation Builders Association, where he was also director of the public-private ventures division.

### GOP Retains Control of Congress

At the Congressional level, voters decided the fate of 34 seats in the U.S. Senate. Democrats were defending 10 Senate seats while Republicans were fighting to keep 24.

One race in Louisiana will be decided in a Dec. 10 runoff between the two top vote-getters, Democrat Foster Campbell and Republican John Kennedy.

Until that race is settled, Republicans have 51 Senate seats for the Congress that will convene in January; Democrats have 46, plus two independents who generally align with them.

With a few races still undecided, Republicans so far hold a 239-193 majority for the next Congress.

#### **Senate: Balance of Power**

- Seats at Stake: **34**
- Needed for Majority: **51**

**51** Republicans (might increase to 52 – one race undecided)

Before: 54 / Now: 51

**48** Democrats

Before: 46 / Now: 48

#### **House: Balance of Power**

- Seats at Stake: **435**
- Needed for Majority: **218**

**239** Republicans

Before: 247 / Now: 223

**193** Democrats

Before: 188 / Now: 169

### Minnesota Congressional Delegation with previous committee assignments

**Senator Amy Klobuchar** – Senate Committee on Agriculture, Nutrition, and Forestry; Commerce, Science & Transportation Committee; Judiciary Committee; Joint Economic Committee; Committee on Rules and Administration

**Senator Al Franken** – Senate Health, Education, Labor and Pensions Committee; Judiciary; Indian Affairs Committee; Energy & Natural Resources Committee

**Congressman Tim Walz** (D-MN1) – House Agriculture Committee, Armed Services Committee, Veterans' Affairs Committee

**Congressman-Elect Jason Lewis** (GOP-MN2)

**Congressman Erik Paulsen** (GOP-MN3): - Ways and Means Committee, Joint Economic Committee

**Congresswoman Betty McCollum** (D-MN4) – House Appropriations Committee: Defense, Interior, and Environment

**Congressman Keith Ellison** (D-MN5) – House Financial Services Committee

**Congressman Tom Emmer** (GOP-MN6): - Financial Services Committee

**Congressman Collin Peterson** (D-MN7) – House Agriculture Committee (Ranking Member)

**Congressman Rick Nolan** (D-MN8) – House Agriculture Committee, Transportation and Infrastructure Committee

Minnesota's Congressional delegation saw one change – the seat vacated by Congressman John Kline was filled by radio personality Jason Lewis. Congressman Rick Nolan, the one member of the House Transportation and Infrastructure Committee, narrowly defeated Stewart Mills to retain his seat while Tim Walz who also faced a tough race was re-elected along with Collin Peterson. Congressman Keith Ellison, Congresswoman Betty McCollum and Congressman Erik Paulsen won their races with comfortable margins. Our US Senators were not up for re-election.

**The Committees with jurisdiction over transportation expected to be led by:**

Senate Committees

**Commerce, Science and Transportation**

John Thune, SD - Chair  
Bill Nelson, FL – Ranking Member

**Banking, Housing and Urban Affairs**

Mike Crapo, Id - Chair  
Sherrod Brown, OH – Ranking Member

**Environment and Public Works**

John Barrasso, Wyo - Chair  
Tom Carper, Del – Ranking Member

**Appropriations**

Thad Cochran, Miss - Chair  
Patty Murray, WA – Ranking Member

House Committees

**Transportation and Infrastructure**

Bill Shuster, PA - Chair  
Peter DeFazio, OR – Ranking Member

**Appropriations**

Rodney Frelinghuysen, NJ - Chair  
Nita Lowey, NY – Ranking Member

## The National Agenda

The FY 2017 appropriations bills that are currently operating under a short-term continuing resolution (CR) set to expire Dec. 9. These annual spending bills set funding levels for the discretionary part of the federal government—including all programs administered by the U.S. Department of Transportation. While Republican leaders in Congress have signaled a desire to pass multiple, smaller combinations of the appropriations bills rather than one catch all measure, it is unclear which approach will move forward. “The word of the day at least is that it would be a high preference of the leadership to keep the [continuing resolution] as clean as possible,” said Sen. Pat Roberts (R-Kan.), adding that a larger agreement to fund the government through the rest of the fiscal year would be too messy to pass before a Dec. 9 deadline.

The infighting amongst the House GOP caucus, the need for 60 votes in a Senate that only has 54 Republicans currently and President Obama’s signature still needed for enactment all cloud this plan. Another option could be to pass a second short-term measure that would require further action next year to keep federal programs operating.

While both House and Senate versions of the transportation appropriations bill have included spending levels on par with the 2015 FAST Act surface transportation program reauthorization law, and the Highway Trust Fund has adequate revenue to support said levels, we will continue working with members and staff to advocate that those spending levels are met.

Earlier this year, both the House and Senate passed updated versions of the Water Resources Development Act of 2014. The respective legislation would authorize maritime construction projects at the nation’s ports and inland waterways. While the bills are similar, the few differences that exist need to be worked out in order for both bodies to pass one compromise bill before it can be sent to the President for his signature. While nothing is guaranteed, it is expected that Congress will complete this legislation before adjourning for the year.

DOT appropriations run out in 28 days. The FAA reauthorization expires in 322 days. Highway and transit policy is up for renewal in 1,422 days.

## Minnesota

Minnesota’s political landscape was also shaken up as Republicans not only maintained the majority in the House, they captured the majority in the Senate – an outcome that was not expected.

Governor Mark Dayton, who still has 2 years remaining in his term, said he's preparing for a Republican-controlled Legislature that mirrors 2011, when the Democratic governor and GOP lawmakers deadlocked over a budget impasse led to a 20-day government shutdown. Though Dayton conceded Minnesota voters are divided and said he was willing to compromise when he's outnumbered for a second time, he put the blame for 2011's discord squarely on Republicans.

Democratic Senate Majority Leader Tom Bakk had expected to hang on to a six-seat majority as well. But his caucus suffered losses — seven incumbent Democrats in rural districts lost — and couldn't make up enough ground by winning two suburban seats, including defeating Republican Senate Minority Leader David Hann in Eden Prairie.

The official majority will hinge on automatic recounts in St. Cloud and Plymouth-area districts. Absent a reversal in favor of Democrats, Bakk conceded Republicans will enter 2017 with "a razor thin" majority of just one seat.

Republicans increased their majority in the Minnesota House, where a seven-seat edge grew to 11. Republican House Speaker Kurt Daudt listed tax relief and health care as the top issues — both on the campaign trail and at the Capitol next year.

"We have a clear mandate that that's the direction Minnesotans want to see us go," Daudt said, adding that the GOP may wait on direction from the Trump administration. Trump has promised to repeal and replace President Barack Obama's marquee health law. "We're going to change direction."

Both Dayton and Daudt expressed confidence they could avoid another government shutdown. But each quickly pivoted to blaming the other party for a potential disruption.

Before taking charge in January, Senate Republicans will also have to wade through two automatic recounts to confirm their majority. Republican Jerry Relph won just 142 more votes than his Democratic opponent in the St. Cloud area, and Republican Paul Anderson of Plymouth only netted a 201-vote advantage over his. That means final results will not be confirmed for days.

Assuming the election results don't change, the new Senate Majority Leader will be **Paul Gazelka** from Nisswa. He was elected to the House in 2004, to the Senate in 2010 and was re-elected to the Senate in 2012. Senator Gazelka served on the Senate Transportation Committee during the 2011-2012 biennium. Senator **Michelle Fischbach** from Paynesville will serve as President of the Senate.

At a candidate forum in October, the question of transportation funding was raised. Gazelka said he did not support a gas tax increase to fund transportation, as he felt it was an example of government not living within its means. He preferred the GOP idea of taking money raised by a pre-existing tax on auto parts and reapplying it to roads and bridges, he said. That combined with transportation funding in the bonding bill "would have solved our transportation problem," he said.

Senator **Tom Bakk** will move from serving as Majority Leader to serving as Minority Leader.

In the House, Speaker **Kurt Daudt** and Majority Leader **Joyce Peppin** will continue in their roles while Rep. **Melissa Hortman** from Brooklyn Park will serve as the new Minority Leader. Former Minority Leader Paul Thissen did not seek to retain the position.

There will be a special election February 14 for District 32B: Minnesota Supreme Court ruled that Rep. Bob Barrett was ineligible for re-election as he did not live in his district six months before the election. Our state law provides that if a candidate is ruled ineligible less than 79 days before the election, the ballots will not be counted and a special election will be held.

At this point, we don't know who the Chairs will be for the Transportation Committees in the House and Senate. Rep. Tim Kelly who had chaired Transportation in the House did not run for re-election. Senator John Pederson, who had been the ranking Republican on the Senate Transportation Committee also did not seek re-election. We'll have to wait for committee chair announcements.

There continues to be agreement among all sides that transportation funding needs to be increased. The disagreement continues to be over how to pay for transportation projects.

### **2017 Legislature**

Defeated DFL Senators and the new Republican Senator-elect member:

DFL		GOP
Kevin Dahl	District 20	Rich Drahein
Vicki Jensen	District 24	John Jasinski
Lyle Koenen	District 17	Andrew Lang
Tom Saxhaug	District 5	Justin Eichorn
Matt Schmit	District 21	Mike Goggin
Rod Skoe	District 2	Paul Utke

Republican Senators-elect who won open seats:

Paul Anderson	District 44 – 201 vote margin = recount
Scott Jensen	District 47
Mark Johnson	District 1
Mike Koran	District 32
Jerry Ralph	District 14 – 142 vote margin = recount

DFL Senators-elect who won open seats:

*Erik Simonson	*Jerry Newton
*Carolyn Laine	Matt Little
*Jason Isaacson	Matt Klein
*Dan Schoen	Nick Frentz

\*The first five Senators-elect are current state representatives moving to the Senate.

Defeated DFL Representatives and the new Republican Representative-elect:

DFL		GOP
Tom Anzelc	District 5B	Sandy Layman
Ron Erhardt	District 48A	Dario Anselmo
John Persell	District 5B	Matt Bliss
Barb Yarusso	District 42A	Randy Jessup

Republican Representatives-elect who won open seats:

Regina Barr	District 52B
Barb Haley	District 21A
Nolan West	District 37B

DFL Representatives-elect who won open seats:

Erin Koegel	District 37A
Mary Kunesh-Podein	District 41B
Jen Peterson	District 54A
Laurie Pryor	District 48A
Erin Maye Quade	District 57A
Julie Sandstede	District 6A

### **National Ballot Initiatives for Transportation**

The preliminary US election results showed that voters in 22 states approved ballot measures that will provide US\$201 billion in funding extensions and new revenue for state and local transportation projects, according to the American Road & Transportation Builders Association's Transportation (ARTBA).

Analysis by the ARTBA's Transportation Investment Advocacy Center (ARTBA-TIAC) indicated that 69 per cent of the 280 transportation funding ballot measures up for vote across the nation were approved, with results still pending for seven local areas.

Overall, voters approved 74 percent of transportation ballot initiatives in 2016. This is in line with the 10-year average rate of 74 percent. In the last two presidential elections, voters approved 77 percent (2012) and 76 percent (2008) of transportation funding measures.

The complete report and an interactive map showing the state-by-state results can be found at [www.transportationinvestment.org](http://www.transportationinvestment.org).

Voters in California approved 15 of 26 transportation ballot measures worth US\$133 billion, including a one cent sales tax in Los Angeles that will provide US\$120 billion over 40 years for local road, bridge and transit projects. California voters also rejected a state-wide measure that would have required any public infrastructure bond over US\$2 billion to go on the ballot for voter approval.

Voters in Illinois and New Jersey passed transportation tax 'lockbox' measures to prohibit state lawmakers from diverting transportation user fee revenue to non-transportation uses. Maine approved a state-wide transportation bond issue for US\$100 million and Rhode Island voters approved US\$70 million in bonds for port investment.

In Washington state, voters approved a 25-year, US\$54 billion revenue package that would support expanding Sound Transit light rail and bus routes. The package included a bond issue and adjustments in property, sales and motor vehicle taxes.

In Missouri, a state-wide initiative to increase the state's cigarette tax to raise an estimated US\$100 million annually for transportation investments failed. Voters in Georgia approved local sales tax increases that would raise nearly US\$4 billion for road and transit projects in the metropolitan Atlanta area.

### **Get Involved – Get to Know Your Elected Representatives**

Successfully increasing funding for Minnesota's transportation system will take strong advocacy efforts. With so much attention focused on health care costs and tax policy, we will have to push hard to make the case with the public and with lawmakers for a comprehensive, dedicated funding package for transportation.

You can make a difference!

Get to know your newly elected lawmakers. Send a quick email message or letter congratulating them on their election and offering to provide information and guidance on transportation issues.

You can find contact information for new legislators here:

[http://www.house.leg.state.mn.us/hinfo/leginfo/16mem\\_elect.pdf](http://www.house.leg.state.mn.us/hinfo/leginfo/16mem_elect.pdf)

A new 2016 Election Directory has been published by the Minnesota House:

<http://www.house.leg.state.mn.us/hinfo/leginfo/electdir16.pdf>

The Minnesota Transportation Alliance will continue raise the issue of addressing transportation needs through the news media and with elected officials. You can help by sending a letter to the editor to your local newspaper between now and the start of the legislative session urging action on this important issue.

The Alliance will also be sending information to legislators and hosting a Transportation Funding Workshop for legislators in early January.

We have a lot of work to do educating lawmakers about how transportation funding works in Minnesota, what the needs are, what the options are and how they can address this issue. Plan to attend Transportation Day at the Capitol in February where you will have the opportunity to meet new legislators and hear directly from them regarding their views on transportation.

Remember – many candidates made promises on the campaign trail regarding their plans to increase transportation investments. We have to hold them accountable and work harder to make our transportation system safer and more effective.

**Thank you for your membership and your advocacy.**