



2020 Legislative Session Summary

The 2020 Legislative Session will clearly be known as the COVID-19 Session, one that was suddenly altered by outbreak of a pandemic and a state stay-at-home order that made the conduct of legislative business challenging.

At the start of the session, the expectation was that passage of a capital bonding bill would be the main focus of the session. There was also a lot of discussion about passage of a tax bill with additional tax breaks as the legislature contemplated dealing with a forecasted budget surplus of \$1.5 billion in the general fund.



For transportation, we were told early on that bills increasing fees and taxes to meet the shortfall in meeting transportation needs would not be on the agenda 2020 as it had been in 2019. Although the proposals debated in 2019 to increase transportation funds did not pass, a two-year transportation budget was put in place.

COVID-19 Impact

The impact of response to the COVID-19 pandemic hit transportation in Minnesota in a number of ways. Executive orders and waivers at both the state and federal levels positioned highway construction, public works and public transit operations as essential services that were exempted from orders to shut down. That allowed construction projects to move ahead as scheduled, maintenance work to continue and public transit service to continue operating. While MnDOT, private companies and local governments moved to working remotely, transportation continued to be open for business.

With the stay-at-home order in place, transit systems watched ridership drop off dramatically – up to 80% loss of normal ridership as well as the loss of contracted service to colleges and other institutions. The sudden change left many systems wondering how to keep staff employed, what level of service to provide and how to continue to operate safely.

On the roadways, traffic plummeted during the first few weeks of the stay-at-home order and has recovered somewhat since that time, but traffic volumes are still about 40% below what we normally see in the state. Sales of vehicles dropped precipitously as shopping at car lots became difficult and incomes became less stable. These changes translate into less tax revenue for transportation.

With all of the economic uncertainty, legislators realized that the February budget forecast was no longer relevant and they could not operate with a forecast of a \$1.5 billion surplus. Minnesota Management and Budget released an updated [Budget Projection](#) for the current biennium only

(FY'20-21) that projected a \$4 billion swing from a surplus to budget deficit of approximately \$2.4 billion.

For transportation revenue, MnDOT developed a [new transportation funds forecast](#) estimating the loss of revenue from less fuel tax being paid, fewer vehicles being sold, less tax collected on rented and leased vehicles and a smaller amount of registration fees as new cars sales dropped off. The updated transportation budget projection shows a loss over the February forecast of almost \$400 million in taxes that are deposited into the Highway User Tax Distribution Fund.

CARES Act

The federal government took action in April to help mitigate the economic damage from the pandemic by passing a number of relief packages including the CARES Act which included funding for states as well as \$25 billion in funding for transit systems around the country.

For Minnesota, federal funding of approximately \$2 billion was provided to offset additional costs related to COVID-19. For transit systems, Minnesota was allocated:

- \$226 million for Metropolitan Area transit
- \$54 million for Rural Transit
- \$27 million for Small Urban transit systems

Despite repeated calls for major infrastructure investments, the federal bills passed to date did not provide any increased funding for highways, bridges, water, broadband or other infrastructure.

Capital Bonding Bill Fails to Pass in Regular Session

For transportation funding, the capital bonding bill should provide an important opportunity to address some critical projects, especially as we see the dedicated revenue sources decline. Unfortunately, the COVID-19 situation put the brakes on passage of the bonding bill for now.

With a supermajority required to pass a capital bonding bill (41 votes in the Senate, 80 votes in the House) the majority parties cannot pass a bill without some votes from the minority party. In the House, the GOP minority announced that the caucus would not provide any votes for a bonding bill as long as the governor maintained emergency peacetime powers. The current extension of the emergency peacetime powers granted to the governor expires on June 12th.

The House released a capital bonding proposal that totaled about \$2.5 billion. For transportation related projects the bill included, \$405,077,000 in GO bonds, \$102,000,000 in Trunk Highway Bonds, \$3,500,000 in general fund cash along with \$18,000,000 in GO bonds and \$8,000,000 in cash for the wetland replacement program. The bill was taken up on the House floor on Saturday, May 16 but did not receive enough votes to pass. Some highlights:

Local Roads - \$53,228,000 + earmarked projects totaling \$102,188,000
Local Bridges - \$53,228,000 + earmarked projects totaling \$111,728,000
Bus Rapid Transitways - \$55,000,000
Greater MN Transit - \$10,000,000
Rail projects - \$59,750,000
Ports and Waterways - \$14,000,000
Wetland Mitigation - \$15 million + \$8 million cash

The Senate unveiled their capital bonding proposal on Saturday, May 16th which totaled \$998 million in GO bonds and \$400 million in trunk highway bonds. The bill included \$288 million in GO bonds for transportation along with the trunk highway bonds for a total of \$688 million for transportation. The

Senate voted on Sunday, May 17th on the bill, but it did not receive enough votes to pass. Some highlights:

Local Roads - \$80 million + earmarked projects \$30 million totaling \$111,000,000
Local Bridges - \$25 million + earmarked projects \$50 million totaling \$75,000,000
State Road Construction - \$100 million Trunk Highway Bonds
Trunk Highway projects - \$300 million Trunk Highway Bonds
Township Road Improvement Program - \$8 million
Rail projects - \$17 million
Ports and Waterways - \$3 million
Wetland Mitigation - \$18 million

Our Transportation Alliance comparison of the Governor's bonding recommendations and the House and Senate proposals is available on our web site on the [Legislative Action](#) page. It lists all of the individual projects as well as the programs for MnDOT, Metropolitan Council, BWSR and DEED.

Of note in the Senate bonding bill (SF3463) is language creating a new Township Road Improvement Program and language requiring MnDOT to develop criteria and rank projects for funding from the rail grade separation program; greater Minnesota transit capital program; state airport development program; safety improvements on crude oil corridors; facilities capital improvement program; Minnesota rail service improvement program; port development assistance program; and passenger rail program. This requirement does not apply to the Local Road, Local Bridge or Safe Routes to School programs.

Transportation Policy

A number of issues were raised at the beginning of session dealing with transportation policies but in the end, a bill containing some non-controversial issues was passed. HF462 includes a number of provisions related to MnDOT and the Department of Public Safety. Highlights include:

- Before a road authority may make repairs on a private road, notice must be sent to the owner. The notification must include a notice that if the road is used by the public or repaired by the road authority for six continuous years, the road will no longer be a private road. Effective August 1, 2020.
- Escort required for overdimensional loads – No escort vehicle required for loads 15 feet or less; only one rear escort vehicle required if load is more than 15 feet wide and/or 110 feet or more in length on a multilane divided roadway; only one lead police officer required when any part of the load extends beyond the left of the centerline on an undivided highway; only one lead escort is required if the load exceeds 150 feet in length; one lead and one rear escort are required for a load exceeding 110 feet in length on an undivided roadway; the commissioner may require additional escorts to protect public safety or the roadway.
- Certification of special transportation provider – The commissioner may refuse to issue a certificate of compliance if an individual is not on the provider's active roster and may suspend a certificate for failure to pay the decal fee.
- Salary and benefits survey – the Legislative Auditor must conduct a compensation and benefit survey of law enforcement officers in every police department in cities of the first class or cities with a population over 25,000 in a metropolitan county. The State Patrol must be included in the survey. The legislative auditor must report the results of the survey to the committees having jurisdiction over the State Patrol.
- Federal funds reporting requirements – The commissioners of the department of transportation, public safety and the chair of the Metropolitan Council must report by February

15, 2021 to the legislative committee with jurisdiction over transportation finance and policy on any expenditures of federal funds provided as a grant or loan related to COVID-19.

- Turnback of legislative routes 112 and 237 to local governments.
- Extends a driver's license and state identification card expiration enacted in March in response to the COVID-19 pandemic, broadening that extension to include licenses and ID's that would expire in the month that follows the last month of a public health emergency period declared by the governor.

Another bill that was passed prior to the shut down allows MnDOT to apply for a TIFIA loan from the federal government to provide funding for expansion of Highway 14 in Nicollet County.

CHAPTER 69--S.F.No. 3878

The commissioner of transportation may conduct a pilot program to apply for and receive financial assistance under the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) or through other federal transportation loan, grant, or credit assistance programs. The pilot program under this section is available for a project in Nicollet County to expand a trunk highway from two lanes to four lanes and that was the subject of an Infrastructure for Rebuilding America (INFRA) grant application submitted by the commissioner of transportation to the United States Department of Transportation on February 24, 2020. (Highway 14)

During any fiscal year in which a loan under this section is being applied for or is entered into and remains outstanding, the commissioner of transportation must deposit all fees collected from oversize and overweight permits issued under section 169.86, subdivision 5, excluding the fee under section 169.86, subdivision 5, paragraph into the federal transportation loan account.

Upon completion of the transportation project under the pilot program, the commissioner of transportation must submit a report on the pilot program to the chairs and ranking minority members of the legislative committees having jurisdiction over transportation policy and finance. At a minimum, the report must: describe the transportation project undertaken and each financing mechanism utilized; analyze the effectiveness of each financing mechanism; evaluate the costs, risks, and benefits of additional participation in federal financial assistance programs; and provide any recommendations for related legislative changes.

Issues Not Passed

In addition to the capital bonding bill, the legislature failed to pass a number of pieces of legislation that were anticipated including a tax bill, distribution of federal CARES Act funds to local governments and other programs to assist people. For transportation, transit safety was an issue that the committee focused on and was anticipated to be included in legislation but ultimately was not.

HF3085 – Transit Ambassador Program – Creates a Transit Riders Investment Program (TRIP) with TRIP personnel who would monitor and respond to passenger activity on public transit vehicles in the seven-county metropolitan area. A \$1 million appropriation from the general fund is provided for FY2020. A report on the outcomes of the project is due to the legislature.

Passed out of transportation committee and public safety and criminal justice reform committee – Not passed

HF3974 – County Speed Limits - A county may establish speed limits for county highways under the county's jurisdiction without conducting an engineering and traffic investigation.

Passed out of transportation committee - Not passed