

**2024 Session**

# **2024 Legislative Session Summary**

## *Impact on Transportation in Minnesota*

The 2024 Legislative Session began with modest aspirations and a focus on the traditional even-numbered year passage of a significant capital bonding bill.

The February Forecast projects a current biennium surplus of \$3.7 billion in the general fund and a deficit for the next biennium of \$1.5 billion.

For transportation funds, revenues were projected to be higher in the current FY 2024-25 biennium compared to the November 2023 forecast, increasing by +\$73M (+1.3 percent). In the FY 2026-27 biennium, revenues were projected to increase +\$86M (+1.4 percent) compared to November 2023 estimates.

The Minnesota Transportation Alliance worked to have legislation introduced and heard in committee that would have provided \$200 million in GO bonds funds for the Local Road Improvement Program and the Local Bridge Replacement Program.

The Transportation Alliance also worked with legislators on a proposal to speed up the statutory dedication of the sales tax from auto repair parts.

The Transportation Committees in the House and Senate worked to develop and pass an omnibus policy bill and an omnibus supplemental budget bill. The amount of additional funding allocated to transportation was extremely small - \$4 million in general fund dollars.

The Transportation supplemental budget bill was included in the omnibus tax and budget bill passed on May 19th - the last day of the session for bills to be passed.

The Capital Investment Committees held many hours of hearings learning more about needed projects and program funding. Unfortunately, agreement could not be reached and the session ended without the passage of a capital bonding bill.

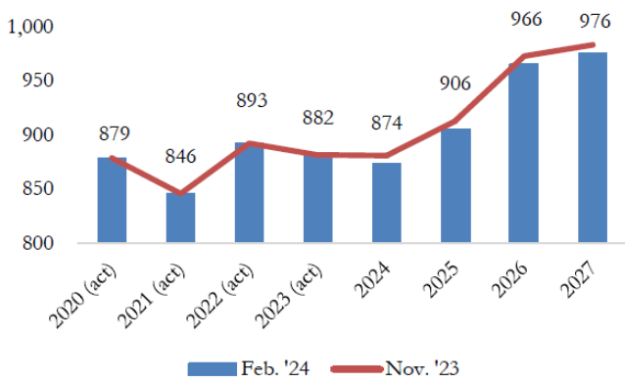
# IMPACT OF 2023 FUNDING LEGISLATION



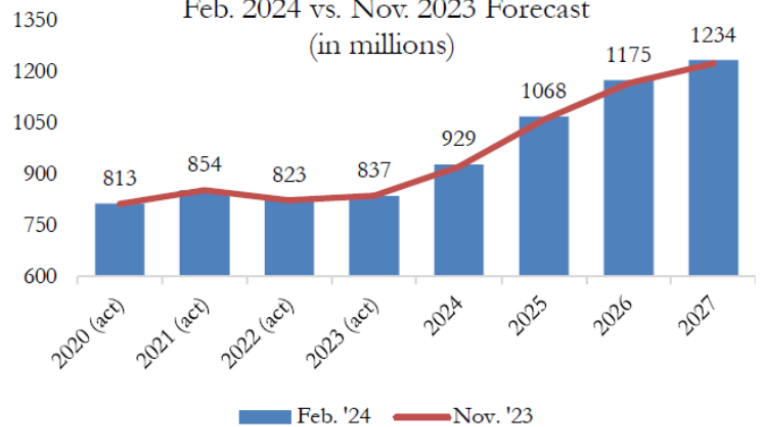
The February, 2024 Transportation Funds Forecast demonstrates the impact of the revenue increases included in legislation passed in 2023 - Chapter 68.

The 2023 funding bill included an increase in: the motor vehicle registration tax, the motor vehicle sales tax and indexing of the motor fuel tax. The legislation also fully dedicates the sales tax on auto repair parts (state sales tax) by 2033, as well as implementing a new 3/4 cent metropolitan area sales tax.

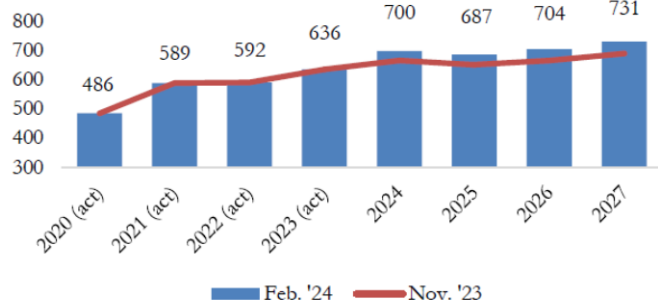
**Gas Tax Revenues**  
Feb. 2024 vs. Nov. 2023 Forecast  
(\$ in millions)



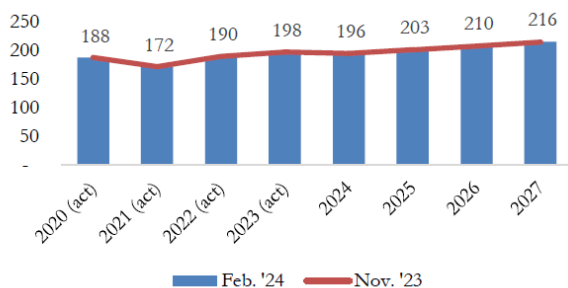
**Motor Vehicle Registration Revenues**  
Feb. 2024 vs. Nov. 2023 Forecast  
(in millions)



**MVST Revenues**  
Feb. 2024 vs. Nov. 2023 Forecast  
(\$ in millions)



**State Sales Tax**  
Feb. 2024 vs. Nov. 2023 Forecast  
(\$ in millions)



# Omnibus Transportation Policy Bill - Chapter 104



## *Highlights from the transportation policy bill:*

- ◆ Two members added to the traffic safety advisory council: Emergency management representative and victims advocacy representative;
- ◆ Turnback of several trunk highway segments to counties;
- ◆ Mayor Dave Smiglewski memorial bridge on US212 in Granite Falls;
- ◆ Increase in contract preference for veteran and targeted group business: up from 6% to 12%;
- ◆ Regulations regarding roadable aircraft;
- ◆ Regulations regarding permits for nondivisible loads;
- ◆ Weight exemption for sewage trucks when performing emergency services;
- ◆ Special sugar beet hauling weight exemption in East Grand Forks;
- ◆ Reporting requirement for road test exam scheduling;
- ◆ Creation of a Transportation Facilities Capital program for MnDOT buildings;
- ◆ Permission for MnDOT to promote passenger rail;
- ◆ Underground utility location and cooperation requirements;
- ◆ City speed limit analysis study required by March 15, 2025;
- ◆ Adoption by MnDOT of the latest federal Manual on Uniform Traffic Control Devices (MUTCD) update;
- ◆ Updates to Greater Minnesota transit statutes.

## **Worker Safety and Underground Utility Provisions**



The omnibus policy bill signed into law includes updates to Chapter 216D to improve the quality of maps that show underground utilities. The new law requires geospatial mapping of newly installed underground lines beginning in 2026.

This initiative was led by AGC, bringing all the stakeholders together: project managers, contractors, property owners and public utilities for better communication and collaboration in support of greater safety.

House author Representative Larry Kraft explained, “Digging in the wrong place can result in impacts ranging from a nuisance, to shutting down a facility or street, to putting lives at risk.”

This new law will ensure better information is available and better coordination of work that should reduce risk for all parties.

# Omnibus Transportation Supplemental Budget Bill

## Chapter 127



The legislature passed a transportation supplemental budget bill that tweaked and added some funding to the two-year budget passed in 2023.

Initially, transportation was given a general fund increase of \$2 million. That was upped in the final bill to about \$4 million.

The larger funding pieces moved money from allocations made in 2023 to other priorities.

The transportation budget was first combined with the budgets for labor and housing (HF5242) and was later added to the tax bill (HF5247) that included a number of budget bills and was passed on the last day that bills could be

### Funding:

- Grant to the City of Ramsey - Mississippi Skyway Trail Bridge - \$3.75M special revenue
- Small Cities Assistance program - \$11.35M general fund – cancellation to IJJA match funds (\$11.35M)
- Grant to a local government for road improvement - \$1M general fund
- Grant to Ramsey County for railroad insurance coverage - \$1M general fund
- Grant to Shorewood TH7 TMO - \$200,000 general fund
- Complete Streets training \$243,000 general fund
- Blue Line LRT Antidisplacement Community program - \$10M general fund; cancellation from Blue Line project funding (\$10M)
- Traffic safety camera pilot - \$1M general fund
- Lights On grant program \$1.2M special revenue account
- Infrastructure Advisory Council - \$41,000 FY25 and \$946,000 FY26-27 general fund
- Security upgrades to MnDOT building - \$450,000 general fund; \$1.35M trunk highway fund
- State Patrol headquarters building - \$22.5M trunk highway fund
- Rumble Strips - \$300,000 trunk highway fund
- Community roadside landscaping - \$1M trunk highway fund
- Greenhouse gas emissions assessment analysis - \$3M trunk highway fund
- Greenhouse gas emissions assessment MPOs grants - \$800,000 trunk highway fund
- Environmental documentation update TH55 - \$2M trunk highway fund
- TH65 intersection improvements - \$1M trunk highway fund



## Funding Continued:

- High Priority Bridges - \$8.9M trunk highway fund
- US169/TH282 improvements - \$1M trunk highway fund
- Transportation facilities capital improvement program - \$20.1M trunk highway fund
- Rest area parking improvements - \$7.75M trunk highway fund
- Truck parking and safety in metro area - \$4.8M trunk highway fund
  
- Authorizes new trunk highway bonds: \$15M State Road Construction; \$15M Corridors of Commerce

Totals:           **Trunk highway fund - \$75.073M**  
                          **General fund - \$4.043M**  
                          **Special revenue - \$8.391M**  
                          **Trunk Highway Bonds - \$30M**

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## Policy Provisions Included in Transportation Supplemental - Chapter 127

- ◆ **Work Zone pilot project** – Requires testing of automated camera speed enforcement in two trunk highway work zones by August 1, 2025. Warnings issued for speed violations – no fines. Report required by Oct. 1, 2029 on results of pilot projects.
- ◆ **Report on dedicated fund expenditures** needs to include a list of expenditures and transfers for each departmental division or program and must include a percentage of funds used for activities that are not for trunk highway purposes.
- ◆ **Rumble strips** required at some trunk highway locations with notification given to residents adjacent to the highway.
- ◆ **Transportation Greenhouse Gas Emissions Assessment** – Changes project analysis requirement to a portfolio of projects, requires commissioner to establish a process for analysis in consultation with technical advisory committee comprised of agency representatives and experts. Does not require city or county engineers on the advisory committee, but allows two members who are employed by local governments. No exemption for projects that result in a reduction of injuries and fatalities. A new transportation impact assessment and mitigation account is created in the special revenue fund. Money in the fund must be spent on offset activities; priority will be given to offset actions interlinked to trunk highway projects that reduce fatalities and injuries.

The Technical Advisory Committee is charged with performing technical review of methodologies used to assess the GHG impact and mitigation including procedures for interlinking a project or portfolio to impact mitigation.



## Major Policy Provisions Continued



- ◆ **Transitway project staff assistance from MnDOT** – requires MnDOT to provide staff and oversight assistance to the Metropolitan Council for major transitway projects including review of bids, contracts, change orders, and cost estimates. Cost of staff participation covered by project budget. This requirement does not apply to the Southwest LRT project.
- ◆ **Reporting requirements for metropolitan counties** on the use of the metro sales tax authorized in 2023. Every even-numbered year, counties must report on actual sales tax collections allocated over the past 5 years, estimates for the next 10 years and uses of funds for projects and programs.
- ◆ **Transportation financial review** must be submitted by the Metropolitan Council detailing revenues, expenditures, transfers, reserves and balances from previous years and future years.

- ◆ **Establishment of Minnesota Advisory Council on Infrastructure** – Purpose of the council is to define and maintain a vision for the future of Minnesota’s infrastructure that provides for its proper management, coordination and investment. The council includes voting and nonvoting members. The council must develop and recommend a plan for a statewide asset management program.
- ◆ **Bus rapid transit project scope** - The council must design, fully scope, and construct each arterial bus rapid transit project with the following elements: (1) sidewalk curb ramps and pedestrian signals that meet current Americans with Disabilities Act standards as of the time of engineering completion, at the four intersection quadrants of an intersection adjacent to a bus rapid transit station; transit pavement markings, as applicable; and (3) traffic signal transit priority modifications, where feasible and reasonable, to improve speed and efficiency of service.

For bus rapid transit project costs resulting from the requirements under paragraph (a), clause (1), the council must pay 50 percent of the costs and the unit of government with jurisdiction over the road must pay 50 percent of the costs. The council must pay the project costs resulting from the requirements under paragraph (a), clauses (2) to (3).

- ◆ **Debt Service** - Provides authority for local governments to use transportation funds to pay debt service on local bonds.
- ◆ **Motorcycle filtering** – Allows motorcyclists to drive between lanes of moving or stationary vehicles at not more than 25 miles per hour and no more than 15 miles per hour over the speed of traffic.
- ◆ **Pavement selection** – before finalizing a pavement selection, the commissioner must post a draft of the life-cycle cost analysis and the draft pavement selection on the department’s website for 21 days during which time industry associations may submit questions and comments. If the commissioner revises the type of pavement from concrete to asphalt or asphalt to concrete, the revised life-cycle cost analysis must be posted. The commissioner must select the pavement strategy after the review period closes and prepare a document of justification that explains why the pavement was selected.



## Major Policy Provisions Continued

- ◆ **Bus Procurement** - Metropolitan Council must establish a bus procurement strategy so that beginning on January 1, 2035, any qualified transit bus purchased for regular route transit service or special transportation service is a zero-emission transit bus.
- ◆ **Dynamic transportation options for Greater MN transit** – the commissioner must study increasing access to options including ridesharing, taxicab service and other options and make recommendations on establishing a pilot program in a rural transportation coordinating council’s area. The commissioner must also work with the Metropolitan Council on a Metro Mobility enhancement study.
- ◆ MnDOT must study the feasibility of establishing a standing committee to review proposals for designation of memorial highways and bridges.
- ◆ **Commercial driver workforce** – DPS and MnDOT must jointly study and develop recommendations to address driver shortages of commercial vehicle drivers. The study must examine test access, driver compensation and retention, training and other regulatory action.

### Capital Bonding Bill

No capital bonding bill with GO bonds was passed. The House passed a cash only bill (\$71 million) with no funding for transportation that was sent over to the Senate, but the Senate was not able to fully count the vote prior to midnight on Sunday night.

The House and Senate Capital Investment Committees held a joint hearing and released a proposal with individual local projects. These were not agreed upon with the Republican caucuses.

For transportation, the last proposal from the Capital Investment Chairs included:

- Major local bridges - \$25M
- Local bridge replacement program - \$14M
- Local Road Improvement program - \$23.578M
- Township Roads - \$2M
- Local road and bridge earmarks - \$38.916M
- Local Road Wetland Replacement program - \$0
- Ports - \$0

**TOTAL Road and Bridge: \$103.494M**

A policy provision in the cash only bill (SF4225) included a **Capital Projects Preservation Fund** requirement for local governments entering into a grant agreement for state funds.

A grantee must establish a capital project preservation fund for major rehabilitation, expansion, replacement, or preservation of the capital project once the project has reached its useful life.

A grantee must not be required to maintain a capital project preservation fund balance greater than the amount of the grant for the capital project.

Exceptions: (a) Capital projects that already require a preservation fund under any other law

(b) A grantee that assesses the condition and replacement value of its capital assets and future capital projects through an annual capital improvement plan process and publishes an annual capital improvement plan document that forecasts at least ten years of known capital projects for use in budget forecasting to enhance long-term financial stability.

(c) A political subdivision grantee that, in the year the capital project grant agreement is entered into, has an adjusted net tax capacity per capita that is less than the median adjusted net tax capacity per capita of all political subdivisions that are the same type of political subdivision as the grantee.



## **Advocacy/Coalitions Make a Huge Difference!**

Thanks to the efforts of many people and many organizations over a number of years, the legislature was ready to act to increase ongoing, dedicated revenue for transportation in Minnesota in 2023, resulting in passage of a major funding bill new revenue that is being collected today.

The work we do to build a diverse, statewide coalition demonstrates the importance of transportation investments and the support for increased funding.

**Thank you to the members of the Minnesota Transportation Alliance for your support and your advocacy! You make it happen!**



## **Our Work Continues to Prepare for the Future**

We know that the transportation industry and community will continue to face challenges and needs. The lack of a capital bonding bill in 2024 will add to the growing backlog of projects.

Our work will continue to focus on:

- ◆ Increasing stable, dedicated funding for transportation investments including increasing the contribution from electric vehicles and looking at new funding options.
- ◆ Contributing to efforts to support workforce development so the industry is prepared to deliver with more funding and more projects in the pipeline.
- ◆ Advocating at both the state and federal levels for important transportation policies, including speeding up project delivery and streamlining the permitting process.
- ◆ Continuing to bring all sectors of the transportation community together with decision makers through high-quality events and meetings.

[www.transportationalliance.com](http://www.transportationalliance.com)