



# 2018 Legislative Session Preview



## 2018 Session Overview

**The 2018 Legislative Session began on February 20<sup>th</sup> and is expected to adjourn on May 21<sup>st</sup>.** The legislature will take an Easter/Passover break from March 30-April 8. In this compressed timeframe, there are some major issues to tackle. With tight timelines, policy issues will need to be ready to go to have a chance of passage. While the November, 2017 budget forecast projected a slight deficit (\$188 million) **the expectation now is that the February forecast will project a surplus** that legislative leaders have estimated could be anywhere from \$500 million to \$1 billion.

The big issues that will dominate the session:

- Changes to the state tax code in light of the new Federal Tax Reform bill;
- Capital Bonding bill;
- Funding for the Legislature/Possible budget adjustments;
- Constitutional Amendments

## Transportation Issues

**Capital Bonding Bill** – The Minnesota Transportation Alliance will continue to lobby for funding for important transportation needs in the capital bonding bill. Although the legislature passed a significant bonding bill last session, that was widely viewed as a make-up for the 2016 bonding bill that was not ultimately passed. Governor Dayton released his recommendations for a bonding bill which total \$1.5 billion. It's not likely that the legislature will pass a bonding bill that exceeds \$1 billion. The governor's recommendations do not include much funding for transportation, especially road and bridge funding, but we anticipate that the legislature will include a strong funding level in bills passed in the House and Senate.

The Transportation Alliance is advocating for these programs to be included in the bonding bill:

- \$100M for Local Bridge Program
- \$100M for Local Road Improvement Program – amend language for Trunk Highway Corridor Account to local cost-share assistance account
- \$16.38M to Board of Soil and Water Resources (BSWR) for Wetland Mitigation related to road construction
- \$20M for Railroad Crossings with local roadways
- \$50M Heywood Bus Garage
- \$50M Busway and Express Bus Development Program
- \$ 4M Rochester Bus Garage
- \$10M for Ports and Waterways
- \$ 8M Rail Service Improvement Program
- \$11M Passenger Rail Program
- \$10M to Dept. of Employment and Economic Development for TEDI program

**Dedication of Sales Tax on Auto Parts** - In 2015, the House passed legislation that would dedicate the existing sales tax on auto parts to the Highway Trust Fund. This proposal would provide additional funding for roads and bridges without increasing the fuel tax or license tab fees. In 2017, the transportation budget bill included a partial dedication of the revenue generated by the sales tax on auto parts. For FY2018-19, \$33.5 million per year was transferred to the Highway Trust Fund with a statutory dedication of \$145 million per year starting in FY2020. The total revenue from the sales tax on auto parts has been estimated at close to \$300 million per year. The legislation also included a statutory dedication of the sales tax from rental vehicles which generates an additional \$45 to \$50 million per year.

In 2018, the Transportation Alliance will be lobbying for legislation to ask voters to constitutionally dedicate the revenue so that these funds cannot be diverted to other areas of state spending in the future. A dedication of all of the revenue collected from the sales tax on auto parts would provide an increase of approximately \$150 million per year over current law which is equivalent to 0.6% of the total general fund budget.

**Corridors of Commerce** – The 2017 Transportation Budget bill included authorization for the state to issue \$300 million in trunk highway bonds and an appropriation of \$100 million in cash for the Corridors of Commerce program. MnDOT is expected to announce the distribution of these funds in April. It is anticipated that the requests submitted for projects to be funded with this \$400 million one-time funding will far exceed the amount of funding available.

**Mowing and Haying along Roadways** - The 2017 Legislature enacted a moratorium on enforcing mowing and haying permits until April 30, 2018. They also directed MnDOT to work with agriculture and environmental groups to develop recommendations on mowing and haying, and report back to the Legislature by March 1, 2018. The recommendations must consider the ease and frequency of permits or notifications, priority to adjacent landowners and recognition of differences in wildlife throughout the state.

**Public/Private Partnerships** – Legislation will be introduced that would encourage and regulate private investment in public infrastructure projects including transportation infrastructure – roads, bridges, highways, rail and water transportation. Minnesota law currently allows the use P3s for many types of transportation projects. This language would further proscribe the process for their use including how governmental entities would deal with unsolicited proposals.

**MnDOT Policy Proposals** – MnDOT has a number of proposals for the 2018 Session.

- Contracting: Direct Negotiations—Increase the limit on direct negotiation trunk highway contracts from \$150,000 to \$250,000. The Legislature last raised the limit in 1999, and it has not kept pace with inflation.
- Payment and Performance Bonds—Grant MnDOT discretion to waive payment and performance bonds on direct negotiation contracts. This change would allow more small businesses to submit competitive bids, benefitting minority-owned, women-owned and veteran-owned businesses.
- Indian Employment Preference—Clarify MnDOT's authority to implement Indian employment preferences on construction projects located on or near reservations.
- Truck Size and Weight: The FAST Act made some changes regarding vehicle size and weight and states are prohibited from enforcing limits that are more restrictive. A weight exemption for logging vehicles on a portion of I-35 was included in the FAST Act as well as some clarity regarding emergency vehicles.

**Autonomous Vehicle Testing** - Autonomous vehicle technology is advancing at a rapid pace. As this technology evolves, Minnesota needs to understand how these vehicles operate, identify how they work in winter weather conditions, identify infrastructure needs, and understand what other rules and regulations need to change as testing moves into implementation.

Some state laws that may need to change include:

- The definition of “driver” and “person” in Minn. Stat. 169.011.
- Statutes related to reckless and careless driving so that a person does not need to be in the driver’s seat.
- The statute about following distance, which is currently set at a minimum of 500 feet for certain vehicles.

**MnLARS** – The new computer system implemented by Driver and Vehicle Services Division of the Department of Public Safety is experiencing technical problems that may require additional funding to fix. The department has estimated that an additional \$43 million is needed to correct problems and make the system function as intended.

**Highway Project Selection** - The 2017 Legislature enacted new requirements for MnDOT’s highway project selection process. The law requires the department to work with stakeholders and implement a policy by Nov. 1, 2018. The majority of MnDOT projects (over 80 percent) are asset preservation projects.

**Metropolitan Council Governance** – Various proposals have been introduced to change the make-up and appointment process for the Metropolitan Council. Some of these ideas may be considered again this year.