



2018 Legislative Session Summary

Building on Previous Funding Increases

The 2018 Legislative Session was billed as one that would be short and focused on conformity with the new federal tax changes, passage of a capital bonding bill and some adjustments to the two-year budget passed in 2017. With a forecast of a \$329 million budget surplus in the general fund, legislators debated various proposals to increase spending and reduce taxes. However, the legislative process was not easy in an election year and at the end of the day, the only major bill signed into law by the Governor was the capital bonding bill.

For transportation, the House and Senate committees spent the first part of the session dealing with the cost to fix computer problems with the MnLARS system in the Driver and Vehicle Services Division of the Department of Public Safety. There were no bills introduced to increase ongoing funding for transit or roads that would impact the FY18-19 biennial budget. The capital bonding bill included significant funding for transportation.

Constitutional Amendment

The Transportation Alliance worked with other groups including the Minnesota Chamber, building trades and industry associations to place a constitutional amendment on the ballot asking the public if all of the sales tax on auto parts should be deposited in the Highway Trust Fund over a 5 year period of time starting in FY2021. The legislature has statutorily dedicated about half of that revenue to Highway Trust Fund already.

The proposal for a constitutional dedication of the sales tax on auto parts would have secured this funding for the future, just as the fuel tax, license tab fees and motor vehicle sales tax were dedicated in previous years by a vote of the public. In 2006, we were finally able to ensure that all of the motor vehicle sales tax revenue would

be transferred from the general fund to transportation and not diverted for other purposes with passage of the MVST Constitutional Amendment.

Fully dedicating the revenue from the sales tax on auto parts would provide the equivalent of a 9 cent increase in the fuel tax (\$260 million per year and growing).

The bill was passed easily in the House but was not passed in the Senate. Our efforts laid the groundwork for further discussions about getting from 50% to 100% of the sales tax on auto parts and the need to continue to address the transportation funding gap, even in light of the progress made during the 2017 Session. We need legislators to understand that the funding problem for all modes of transportation has not gone away.

Budget

The legislature put together an omnibus supplemental budget bill that combined additional funding for all areas of state government into one bill. For transportation, the funding in the supplemental budget bill was minimal. The bill included the following general fund appropriations:

- Small Cities Assistance—\$12M
- Township Road Aid—\$4M
- Local Bridge Replacement—\$10.7M
- Suburban Transit Providers—\$2.1M
- Driver and Vehicle Services—\$13.7M
- Deputy Registrars—\$5M
- City of Virginia Hwy 53 Utilities—\$5.4M
- City of Little Falls Hwy 27—\$5M

The bill also included an additional \$30 million in spending out of the existing trunk highway fund dollars.

The supplemental budget bill was vetoed by the governor.

- **The highlight of the 2018 Session for transportation was passage of the capital bonding bill which governor Dayton signed into law providing over \$540 million in funds for transportation projects.**
- The combined total of the 2017 and 2018 Capital bonding bills: **Local Roads - \$194.5 Million** and for **Local Bridges** the combined total of the 2017 budget bill and bonding bills - **\$79 Million.**
- The Transportation Alliance worked to develop a list of needed local road projects and worked with legislators on a bill providing \$100 million each for the Local Road and Bridge programs.

Final Bill - HF4425 (In Thousands)

Local Road Wetland Program (BWSR)	GO	\$6,700
Local Road Improvement	GO	\$78,600
Undesignated	GO	\$35,000
70th St. Inver Grove Heights		\$6,100
Brockton Interchange City of Dayton		\$13,500
TH101 Carver County		\$9,000
Thurston Blvd. Anoka County		\$15,000
Local Bridge Program	GO	\$5,000
Stone Arch Bridge	GO	\$1,000
CSAH 9 & I-494 Bridge	GO/THB	\$9,720
Foley - Hwy 23 Safety improvements	GO/GF	\$500
Becker - Industrial Park	GO	\$3,300
Goodview rail improvements	GO	\$330
Loretto/Medina/Wayzata rail safety	GO	\$1,200
Rice Creek Bridge	GO	\$1,550
Minnesota Valley Railroad Authority	MRSI	\$1,000
Moorhead - rail grade separation	GO	\$6,000
Rosemount Bonaire Path rail improvement	GO	\$1,000
Port Development Assistance	GO	\$5,200
Safe Routes to School	GO	\$1,000
Rochester Bus Garage	GO	\$2,500
Corridors of Commerce	THB	\$400,000
Brooklyn Park Hwy 169/101st Ave interchange	GO	\$4,000
Chisago County Highway 8 reconstruction	GO	\$3,000
Mankato - Hwy 169 Levee reconstruction	THB	\$830
TH29 grade separation Pope Co	THB	\$10,500
Wadena - Hwy 10 environmental cleanup	GO	\$5,000
Wakefield 200th ST.	GO	\$600
Ramsey Blvd rail grade separation	GO	\$2,000
Trunk Highway Fund debt service	THF	\$150
TOTAL GO Bonds		\$125,790
TOTAL Trunk Highway Bonds & Cash		\$416,340
Transportation Economic Development (TEDI) to DEED	GO	\$1,000

Corridors of Commerce

The two-year transportation budget bill passed in 2017 included authorization for \$300 million in trunk highway bond proceeds and \$100 million in general fund dollars for the Corridors of Commerce program. The legislature further required that MnDOT establish criteria and go through a scoring process for all eligible Corridors of Commerce projects.

The final scoring and decision of projects selected for the \$400 million in authorized funds was announced on May 1st of 2018. The projects selected were:

- **TH169 in Elk River from TH101 to 197th Ave.** - convert to freeway \$157M
- **I-94 from St. Michael to Albertville** - add auxiliary lane \$56M
- **I-494 from France Ave to TH77** - add MnPASS lanes \$134M
- **I-494/I35W**—complete phase I of turbine interchange \$70M

Some legislators were upset that the four projects selected for funding were all located in or close to the Twin Cities Metro Area. Two projects are located in MnDOT's Metro District totaling \$204M and two projects are located in MnDOT district 3, totaling \$213M.

Legislators decided to include another \$400 million in trunk highway bond proceeds for Corridors of Commerce in the capital bonding bill. Of that total, \$150 million is authorized in FY2022, another \$150 million in FY2023 and \$100 million in FY2024. The legislation also required MnDOT to select at least two projects in Greater Minnesota located in counties that had not previously received funding under the Corridors of Commerce program following the results of the scoring process that MnDOT had developed for all eligible projects.

Using the [scoring results](#) developed by the Department, the additional \$400 million for the Corridors of Commerce program will be spent on the following projects:

- **TH14 Owatonna to Dodge Center** - 2 to 4 lane conversion \$160M
- **TH23 Willmar to St. Cloud** - 2 to 4 lane conversion \$105M
- **TH252/I-94** - convert to a freeway and add MnPASS lanes Dowling to TH610 \$163M

Transportation Policy

A few bills of note were passed that impact transportation.

- Chapter 107 - Uniform Municipal Contracting Law

This bill raised the lower limit of contracts required to follow a sealed bidding process from \$100,000 to \$175,000. It also extends the range of estimated contract prices that may use direct negotiation. Currently the range is from \$25,000 to \$100,000; the bill would extend it to \$175,000. Applies to contracts entered into on or after August 1, 2018.

- Chapter 165 - Mowing in Trunk Highway Right-of-Way

This legislation extends a temporary moratorium until April 30, 2019, on Minnesota Department of Transportation (MnDOT) authority to issue or require permits to mow and hay in trunk highway ditches.

- Chapter 146 Modifications to Hennepin County bidding process

Authorizes Hennepin County to use direct negotiation for a contract estimated to not exceed \$250,000 if the business is certified as a small business enterprise or a small business that is majority owned and operated by a veteran or service-disabled veteran.

- Chapter 196 - VETOED Modifying Governance of the Metropolitan Council

Removes the governor's authority to appoint members to the Metropolitan Council, provides for staggered four-year terms for most members, increases the size of the Metropolitan Council, creates a municipal committee in each council district, and eliminates the Transportation Advisory Board ("TAB").

Vetoed Policy in Supplemental Budget Bill

Some policy provisions were included in the omnibus supplemental budget bill. While the provisions were not enacted due to the fact that the bill was vetoed by the governor, they may be revisited next session. Among the items passed by the legislature:

- Threatened and endangered species clarification: Clarifies that the exemption to the prohibition on taking endangered plant species on roadways extends to the full public right-of-way.
- Allows the commissioner of transportation, at the request of a county board, to establish a speed limit in excess of 55 mph on a county road, based on an engineering study. The county must erect signs.
- Directs the Metropolitan Council to notify the legislature when the Council adopts amendments to its budget and requires the Council to develop a financial overview and forecast in conjunction with the state forecasts in November and February.
- Direct negotiation. Raises the limit on direct negotiations for trunk highway projects from \$150,000 to \$250,000.
- Provides for some adjusted and exempted motor vehicle weight limits for sewage septic tank trucks that exclusively haul sewage from septic or holding tanks, including a year-round ten percent weight limit increase for single-unit trucks. Allows for operation without a special permit. Effective June 1, 2018.
- Establishes the process to adopt airport zoning regulations using standards prescribed by the commissioner of transportation. Requires review of the regulations by the commissioner of transportation. Local ordinances may be more stringent than the commissioner's standards. Preserves substantive rights existing and exercised before August 1, 2018. Provides for protection of existing uses. Requires a municipality that has adopted a comprehensive plan to include in the plan any airport zoning regulations that apply to an area in the plan. This is permissive under current law.
- Prevents state funds from being used for light rail transit capital costs, which applies for funds encumbered on or after June 1, 2018.
- Directs commissioner of transportation to contact BNSF Railway to commence negotiations on an extension of the Northstar Commuter Rail line to go to St. Cloud. Specifies conditions and aspects of the negotiations, including on frequency of service, train crews, fare collection, and limitations on use of state funds and state expenditures for operating costs.
- Turnback of several state highways.

The additional funding in the capital bonding bill adds to the funding increases passed in 2017 including an ongoing statutory dedication of the rental vehicle and leased vehicle sales tax and the sales tax on auto parts which will increase to \$145 million per year in FY2020, some one-time increases in appropriations for transit, small cities and townships and \$940 million in trunk highway bonds for projects around the state.