Minnesota Legislative Process

APWA May 12, 2017
The Process Does Not Start In January

- Elections Matter – No amount of lobbying can move the needle with legislators who simply aren’t supportive
- No New Tax Pledges or other Promises can push legislators into a corner
- Campaign Promises
- Get Involved early and Vote!
The Legislature Has to Pass a 2-Year Budget

- A two-year transportation budget bill has to be passed each biennium.
- The bill typically spends the money projected to be available in the Highway User Tax Distribution Fund
- Some general fund money is appropriated for transit and public safety
- We have been advocating for additional funding above and beyond the funding accumulating in the HUTDF and base budgets
- The 2008 transportation funding bill (Chapter 152) continues to provide increased funding but the impact is not as significant
Transportation: HUTDF Revenue Projections

<table>
<thead>
<tr>
<th>Year</th>
<th>Gas Tax</th>
<th>Registration Tax</th>
<th>Motor Vehicle Sales Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$899</td>
<td>$702</td>
<td>$429</td>
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<tr>
<td>2017</td>
<td>$905</td>
<td>$744</td>
<td>$447</td>
</tr>
<tr>
<td>2018</td>
<td>$910</td>
<td>$772</td>
<td>$479</td>
</tr>
<tr>
<td>2019</td>
<td>$916</td>
<td>$796</td>
<td>$507</td>
</tr>
<tr>
<td>2020</td>
<td>$919</td>
<td>$815</td>
<td>$529</td>
</tr>
<tr>
<td>2021</td>
<td>$912</td>
<td>$826</td>
<td>$540</td>
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</tbody>
</table>
Anticipated Construction Revenue by Year Including Adjustments for Inflation
The Process and then the Real Process

- House and Senate pass bills, work out differences in a conference committee, pass a final bill to the governor who signs or vetoes the bill.
- The real work tends to get done behind the scenes. In committee hearings, legislators often approve already agreed upon amendments and bills.
- Too often public testimony is limited or ignored
- State Agencies do have an impact on legislators
- At the end it’s the Governor, Speaker and Majority Leader
Budget Years and Bonding Years

- The odd numbered years, or the first year of the biennium, is the budget year. A two-year budget encompasses all funding that is appropriated to all state agencies. If one budget bill doesn’t pass, at least part of the government shuts down.

- Tax bills and bonding bills are optional. If they are not passed, government doesn’t shut down.
<table>
<thead>
<tr>
<th>Project</th>
<th>Governor</th>
<th>Senate SF210</th>
<th>House HF892</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Bridge Replacement Program</td>
<td>$70M</td>
<td>$90M</td>
<td>$59M</td>
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<tr>
<td>Local Road Improvement Program</td>
<td>$70M</td>
<td>$141.196M1</td>
<td>$107.691M3</td>
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<tr>
<td>Stone Arch Bridge</td>
<td>$2.5M</td>
<td></td>
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<tr>
<td>I694/Rice St Interchange – Ramsey</td>
<td>$20.5M</td>
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<tr>
<td>Highway 4 – City of St. James</td>
<td>$3.443M</td>
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<td>$3.443M</td>
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<tr>
<td>Highway 53 Utility Relocation</td>
<td>$4.9M</td>
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<tr>
<td>Bloomington Transit Station</td>
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<tr>
<td>Mall of America</td>
<td>$8.75M</td>
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<tr>
<td>Met Council Orange Line BRT</td>
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<td>$12.1M</td>
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<tr>
<td>35W/Lake Street Transit Project – Hennepin</td>
<td>$25M</td>
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<tr>
<td>Gateway Corridor – Washington</td>
<td>$3M</td>
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<tr>
<td>Rail Grade Separation on Crude Oil Lines</td>
<td>$69.624M</td>
<td>$26.749M2</td>
<td>$57.024M4</td>
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<tr>
<td>BWSR Local Road Wetland Replacement</td>
<td>$10M</td>
<td>$5M</td>
<td>$5M</td>
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<tr>
<td>DEED – Transportation Economic Development</td>
<td>$10M</td>
<td>$7M</td>
<td>$7M</td>
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<tr>
<td><strong>Bill Proposal</strong></td>
<td><strong>TOTAL</strong></td>
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</tr>
<tr>
<td></td>
<td>$1.5B GO/$16M GF</td>
<td>$972.7M GO/$201.9M GF</td>
<td>$620M GO</td>
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<tr>
<td></td>
<td>$40M THB</td>
<td>$197M THB/$143.4M THF</td>
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</tbody>
</table>
Pushing for a Long-Term Plan with Stable Funding

- State Highway system shortfall: $600M per year for 10 years
- Local road and bridge needs – over $600M per year for 10 years
- Transit Funding needs to increase to build out the system and meet growing demand
- Dependable funding allows better planning, more cost-effective delivery of projects
Transportation Budget Bill

- Sets the usual 2-Year Budget for MnDOT, Metropolitan Council and parts of Dept of Public Safety
- Provides some increase over the base
  - Part of the sales tax on auto parts dedicated to HUTDF - $72M per year ($144M)
  - One-time general fund dollars to street repair in small cities - $10M per year ($20M)
  - One-time general fund dollars to highways in the 7-county metro area - $5M per year ($10M)
  - One-time general fund increase for Metropolitan Area Transit - $25M per year ($50M)
  - Dedication of all motor vehicle lease and rental sales tax – $76M per year ($153.2M)
Conference Committee Report

- Provides a partial statutory dedication of the sales tax on auto parts
- Transfer sales tax on rental vehicles and leased vehicles
- Provides some one-time general fund appropriations
- Authorizes $600M in trunk highway bonds - $300M Corridors of Commerce, $300M State Road Construction

- When the general fund budget faces a deficit, not clear if this funding will continue to be dedicated to transportation
- Other states are passing constitutional dedications or “lock box” amendments.
Limited Funding Outside of Bonds

- Provides new funding of $127 million in general funds per year on average for the biennium to the Highway User Tax Distribution Fund. Provides only $75 million per year to the State Trunk Highway system.
- Debt Service Increases. Total debt service FY18-19 biennium: $479M For FY20-21: $557M
- For State Road Construction in FY20-21 biennium, increase over the base: $56M Increase in debt service: $102M
Lobbying/Advocacy is a Big Part of the Process

- For transportation, legislators tend to get involved when there is a major project in their district.
- Transportation continues to struggle for attention with other issues: education, health care, agriculture, tax cuts, etc.
- The facts will not win the day!! If they did our fuel tax would be 10 to 12 cent per gallon higher.
- Legislators have to hear from many constituents and people with influence.
People Care About People – Including Legislators

**Agriculture/Rural**  Minnesota’s transportation system supports the entire state, but is especially important to Minnesota farmers and agribusinesses.  [https://youtu.be/jaJh6DLW1Mg](https://youtu.be/jaJh6DLW1Mg)

**Bridges:** Minnesotans depend upon a safe, efficient and reliable transportation network to support the movement of people and commerce.  [https://youtu.be/5w_0dzOU0Xk](https://youtu.be/5w_0dzOU0Xk)

**Safety:** Greater investment in our transportation system has many benefits, however none are greater than the lives these improvements will save. The time to fully fund our transportation system is NOW!  [https://youtu.be/sRWIsJzs4z0](https://youtu.be/sRWIsJzs4z0)
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It’s Crunch Time!

- Governor Dayton, Speaker Daudt and Majority Leader Gazelka will decide on an overall budget.

- Once the number is decided for the tax bill, that will determine how much is left for the other budget bills

- Transportation Funding could be increased with some kind of fee increase – license tab fees. Not likely to see much more in general fund dollars.
Questions? Contact Us

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www.transportationalliance.com