

Legislative Update

Last Friday, Metro Cities' newsletter update noted that an update of activity on House and Senate Omnibus Transportation bills would be provided early this week. Below is that summary, as well as an updated summary of legislative action on the Senate Omnibus Tax Bill.

Omnibus Transportation Bills Pass House and Senate

The House and Senate passed Omnibus Transportation bills late last week. The House passed its omnibus bill, [HF 861](#)-Torkelson on Friday, on a roll call vote of 76-54. The Senate debated and passed its bill, [SF 1060](#)-Newman on Thursday, on a roll call vote of 38-28 and laid it on the table. Today, the Senate substituted its Senate file for a House file and gave the bill its final passage on a 39-27 vote. The bills will be next negotiated by a conference committee that has yet to be named.

Summaries of the Senate and House bills:

SF 1060 allocates \$511 million from the general fund and the flexible highway account to the Highway Users Tax Distribution Fund (HUTDF). \$383 million of this amount would come from dedicating taxes on motor vehicle leases, vehicle rentals, and motor vehicle parts. The bill also authorizes \$325 million in trunk highway bonds. Of this amount, \$200 million would be allocated to the Corridors of Commerce program. The Senate bill also increases the base appropriation to the Municipal State Aid (MSA) fund by \$32.8 million over the biennium. The bill directs \$226 million to the Trunk Highway Fund and \$106 million to County State Aid Highway (CSAH) fund.

Provisions related to the Counties Transit Improvement Board (CTIB) featured in proposed amendments to the bill, some of which were adopted. An amendment that would have allowed CTIB members to increase their sales tax from 1/4 percent to 1/2 percent was not adopted. (See adopted amendments below). An amendment that would have fully funded metro area transit through a 1/2 percent metro area sales tax was also not adopted.

Items of Note in Senate Bill:

- Small City Funding Account funded by \$10 million in 2018 only. Metro Cities supports a \$27 million funding level for both this account and creation of a large cities account for cities.
- Allows additional communities to become replacement transit providers.
- Requires legislative approval of future LRT projects before they receive 50% state share of operating costs.
- Creates Metro Mobility task force.
- Applies eminent domain fees and limitations on the Metropolitan Council.
- Allows CTIB members to increase sales tax by 1/5 of a percent only if approved by voters (passed as an amendment).
- Creation of an Active Transportation Program that provides grants to local governments to promote non-motorized transportation. The bill does not fund the program.

HF 861 allocates \$580 million from the general fund to a new "Transportation Priorities Fund" (TPF) with taxes dedicated from motor vehicle leases, vehicle rentals, motor vehicle parts and other general fund sources. It also authorizes \$1.3 billion in trunk highway bonds. Of this amount, \$300 million is for the Corridors of Commerce program and \$500 million is for general state road construction. The House increases the base appropriation to the MSA by \$30.3 million over the

biennium. The bill directs \$204 million to the Trunk Highway Fund and \$95 million to the CSAH fund over the biennium.

Items of Note in House Bill:

- Phases out general fund appropriations for Metro Transit by 2021 and shifts costs to CTIB, or its member counties if the CTIB is dissolved.
- Prohibits Metropolitan Council, regional rail authorities, counties and cities from spending funds to study, plan for or build LRT without legislative approval. Metro Cities has expressed its opposition to this provision.
- Small cities account funded by \$12.5 million per year. Metro Cities supports a \$27 million funding level for this account and creation of a large cities account for cities over 5,000 in population.
- Directs the Metropolitan Council to set a 40% fare box recovery objective. Increases funding for replacement transit providers from 3.7% to 4.3% of MVST revenues.
- Prohibits Metropolitan Council from issuing certificates of participation as a finance tool.
- Creation of colocation of freight rail and LRT standards and liability limits for freight rail.
- Prohibition on the use of local funds as a state match for federal LRT fund applications.
- Repeals state's 50% match for LRT operating costs.
- Creates a new Local Bridge Program with a base appropriation of \$24.7 million per year. This account would be dedicated to projects on a state priority list. The account would be funded through the TPF. The amount per project cannot exceed \$7 million.

Senate Tax Bill Passes Floor

The Senate Omnibus Tax Bill, [SF 2255-Chamberlain](#), passed the Senate on Monday. The bill provides \$900 million in tax reductions. The bill, as reported in Metro Cities' newsletter last Friday, contains a one-time Local Government Aid (LGA) increase of \$12.5 million, various local Tax Increment Financing (TIF) special law exceptions, minor modifications to TIF laws to increase flexibility, and various local sales tax provisions. The bill also changes the preliminary levy certification date for special taxing districts from September 15 to September 30. The bill does not contain a process to streamline the construction sales tax exemption for local governments that Metro Cities supports. The bill also does not include reverse referendums for local levies, franchise fees, and lease backed bonds that are included in the House bill, that Metro Cities opposes. The bill does not increase direct property tax relief programs as provided for in the House bill, which Metro Cities supports.

During the Senate floor debate, as legislators considered an amendment on funding for school referendum equalization aid, an amendment to that amendment that proposed to pay for the equalization amendment by reducing LGA for Minneapolis by \$28 million, was passed, and is now included in the bill that passed the Senate. House and Senate tax bill conferees have not yet been named. Stay tuned for further updates.

CTIB and Transit Update

The Counties Transit Improvement Board (CTIB) did not meet a March 31st deadline to dissolve. The March 31st deadline was imposed to avoid disruption in the collection of the tax. A key sticking point is a disagreement between Dakota County and other CTIB counties on the level of reimbursement for Dakota County under a dissolution agreement. Dakota County has asked for \$29 million; CTIB has offered \$16.5 million. Missing the March 31 deadline makes the probability of CTIB dissolving on its own far less likely for now.

The Metropolitan Council has indicated that if the cut proposed to Metro Transit in HF 861, the House Omnibus Transportation bill, were to become law, a decrease in transit service by up to 40% would be needed to make up for the loss of funding, and that Metro Transit would face a

\$125 million shortfall for the next two-year budget. The Metropolitan Council has begun the process of reviewing the possibility of increasing transit fares, and official action will likely take place this month to begin the public input process necessary to undertake any increase.

Questions? Please contact Steve Huser at steven@metrocitiesmn.org or 651-215-4003.

House Passes Omnibus Public Safety Bill

[SF 803](#) (Cornish), the omnibus public safety bill, was debated and passed by the House on Monday on a 94-37 vote.

Provisions of note to Metro Cities include funding for peace officer standards and training, and mandates for crisis intervention, suicide and conflict mediation. \$8.7 million is appropriated to the POST (Peace Officer Standards and Training) Board, and \$3 million each year for reimbursements to local governments for peace officer training costs.

The bill also creates penalties for illegal protest activities, defined as behaviors that unreasonably annoy, injure or endanger the safety of a considerable number of members of the public, or interferes or obstructs any public highway, right-of-way, public waters, traffic on a freeway, public roadway, or airport property. There was extensive debate on the provision to increase penalties for illegal protesters to a gross misdemeanor. The bill applies to freeways, airports, and light-rail.

Also included is an appropriation for \$114,000 per year for railroad and pipeline safety, providing for each railroad and pipeline 50 percent of its annual assessment figure, divided in equal proportion between applicable rail/pipeline carriers based on route miles and yearly aggregate gallons of oil and hazardous substances transported and rail operated in Minnesota. The bill includes \$1.5 million for emergency response teams and hazmat and chemical assessment teams, and \$500,000 appropriated to MNDOT for improving safety at railroad grade crossings. The provision sunsets in 2019.

The Senate has already passed a public safety bill. The Governor has already expressed concern on a few of the provisions in the bills. A conference committee has not yet been named.

Regional Stormwater Innovation Grant Program Deadline Approaching

As a reminder, the deadline for applying for a Metropolitan Council 2017 Regional Stormwater Innovation Grant Program is April 14th. \$1 million has been allocated for this program. Grants will be awarded on a competitive basis to metropolitan area Watershed Management Organizations (WMOs), Watershed Districts (WDs), or Soil and Water Conservation Districts (SWCDs). Grantees will receive 75% of the project cost. Awards will have a \$10,000 minimum and a \$200,000 maximum. Municipalities are encouraged to work with local WMOs, WDs and SWCDs to apply for funds for projects in their communities. For more information, [click here](#).

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