

## Governor's FY 2016 - 17 Supplemental Budget Recommendations

### All Funds by Agency

(Dollars in Thousands)

		2016	2017	2018	2019
<b>Transportation</b>					
<b>NexTen for Transportation</b>					
<p>The Governor recommends a major investment plan for transportation to fund the estimated \$6 billion gap that exists between funding needs and revenues in the next ten years. The Governor proposes addressing the gap in road and bridge funding through a 6.5% gross receipts tax on gasoline, an increase in registration fees, an additional \$2 billion in trunk highways bonds over the next 10 years, and through MnDOT efficiencies. These sources will fund roads and bridges at the state, county and municipal level. In addition, the Governor recommends a general fund increase for Greater Minnesota Transit of \$10 million per year and a general fund increase for bike and pedestrian infrastructure, including Safe Routes to School, of \$2.5 million per year. The cost of this proposal also includes administrative funding for the Department of Revenue and recognizes the interacting costs of the gross receipts tax and the increase in registration fees.</p>					
General	Revenue	\$0	(\$1,380)	(\$4,860)	(\$6,070)
General	Expenditure	\$0	\$12,530	\$12,630	\$12,630
All-Terrain Vehicle	Transfer In	\$0	\$696	\$1,069	\$1,063
County State Aid Highway	Transfer In	\$0	\$107,403	\$183,551	\$191,526
County State Aid Highway	Expenditure	\$0	\$107,403	\$183,551	\$191,526
Highway Users Tax Distribution	Revenue	\$0	\$338,244	\$576,484	\$600,912
Highway Users Tax Distribution	Expenditure	\$0	\$234	\$222	\$222
Highway Users Tax Distribution	Transfer Out	\$0	\$338,010	\$576,262	\$600,690
Municipal State Aid Street	Transfer In	\$0	\$28,212	\$48,214	\$50,309
Municipal State Aid Street	Expenditure	\$0	\$28,212	\$48,214	\$50,309
Off-Highway Motorcycle	Transfer In	\$0	\$119	\$182	\$181
Off-Road Vehicle	Transfer In	\$0	\$423	\$650	\$646
Restricted Misc Special Rev	Transfer In	\$0	\$362	\$556	\$552
Restricted Misc Special Rev	Expenditure	\$0	\$362	\$556	\$552
Snowmobile	Transfer In	\$0	\$2,579	\$3,960	\$3,937
Trunk Highway	Transfer In	\$0	\$194,348	\$332,139	\$346,571
Trunk Highway	Expenditure	\$0	\$184,348	\$342,139	\$346,571
Water Recreation	Transfer In	\$0	\$3,869	\$5,941	\$5,905

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**Transportation**

**Federal FAST Act State Road Construction**

The Governor recommends increasing the state road construction appropriation in the trunk highway fund to enable MnDOT to spend the increase in federal funding due to the Fixing America's Surface Transportation Act (FAST Act) enacted in December 2015.

Trunk Highway	Revenue	\$20,000	\$70,000	\$65,000	\$80,000
Trunk Highway	Expenditure	\$20,000	\$70,000	\$65,000	\$80,000

**Snow and Ice Contingency**

The Governor recommends establishing a snow and ice management appropriation in the trunk highway fund and establishing statutory language allowing MnDOT to access existing unappropriated trunk highway fund balance when costs exceed 110 percent of MnDOT's biennial appropriation for snow and ice management. This would provide greater assurance in extreme winters that MnDOT could meet public performance expectations, while helping to ensure that other maintenance activities are not compromised.

Trunk Highway	Expenditure	\$0	\$0	\$0	\$0
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**Safety Improvements on Crude Oil Corridors**

The Governor recommends \$32.5 million annually for planning, engineering, administration and construction of highway-rail grade crossing improvement projects along rail corridors transporting crude oil and other hazardous materials. Funding would be provided through an annual assessment on Class I railroads.

Restricted Misc Special Rev	Revenue	\$0	\$32,500	\$32,500	\$32,500
Restricted Misc Special Rev	Expenditure	\$0	\$32,500	\$32,500	\$32,500

**Grade Crossing Safety Account**

The Governor recommends an increase in funding for the grade crossing safety account from \$1 million to \$2.5 million per year. The increase in funding would be used to fund additional grade crossing improvements. In addition, new language would clarify that these funds can be used for the development, engineering and administration of grade crossing projects. The increase in grade crossing safety funding results in an equivalent decrease in trunk highway funds.

Restricted Misc Special Rev	Revenue	\$0	\$1,500	\$1,500	\$1,500
Restricted Misc Special Rev	Expenditure	\$0	\$1,500	\$1,500	\$1,500
Trunk Highway	Revenue	\$0	(\$1,500)	(\$1,500)	(\$1,500)

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<b>Transportation</b>					
<b>Rail Inspectors</b>					
<p>The Governor recommends hiring up to four additional rail inspectors, plus a program manager to allow for more comprehensive rail safety inspection to ensure compliance with federal and state safety regulations. The Governor also recommends changes to the program language to clarify costs that can be funded by the program and assessed to railroads and to better align inspector duties to federal definitions. The increased revenue reflects an increase in the assessment to the railroads for the additional inspectors.</p>					
Restricted Misc Special Rev	Revenue	\$0	\$446	\$709	\$665
Restricted Misc Special Rev	Expenditure	\$0	\$446	\$709	\$665
<b>Interagency Rail Director and Rail Activities</b>					
<p>The Governor recommends funding a new Interagency Rail Director to address rail safety, rail service and rail impacts on communities. The director will work with a newly established Interagency Rail Working Group of state agencies to set priorities and develop and implement strategies. The Governor also recommends funding in fiscal year 2017 for critical freight rail activities at MnDOT.</p>					
General	Expenditure	\$0	\$1,313	\$185	\$185
<b>Drone Registration</b>					
<p>The Governor recommends a one-time appropriation from the state airports fund for system updates needed to accommodate the regulation of unmanned aircraft systems (drones) through aircraft registration and commercial operator licensing. These regulations will help to ensure aviation safety.</p>					
State Airports	Expenditure	\$0	\$313	\$0	\$0
<b>Duluth and Rochester Airports</b>					
<p>The Governor included grants to the Duluth Airport Authority and the City of Rochester for airport improvements as part of his 2016 capital budget recommendation.</p>					
State Airports	Expenditure	\$10,259	\$0	\$0	\$0
<b>Increased Debt Service for Bonding Bill</b>					
<p>The Governor recommends funding for debt service costs necessary to support the Department of Transportation's Facilities Capital Program included in his 2016 capital budget recommendations.</p>					
Trunk Highway	Expenditure	\$0	\$352	\$1,807	\$3,272

**Governor's FY 2016 - 17 Supplemental Budget Recommendations**

**All Funds by Agency**

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2016                      2017                      2018                      2019

**Transportation**

**Total For: Transportation**

General	Revenue	\$0	(\$1,380)	(\$4,860)	(\$6,070)
General	Expenditure	\$0	\$13,843	\$12,815	\$12,815
All-Terrain Vehicle	Transfer In	\$0	\$696	\$1,069	\$1,063
County State Aid Highway	Transfer In	\$0	\$107,403	\$183,551	\$191,526
County State Aid Highway	Expenditure	\$0	\$107,403	\$183,551	\$191,526
Highway Users Tax Distribution	Revenue	\$0	\$338,244	\$576,484	\$600,912
Highway Users Tax Distribution	Expenditure	\$0	\$234	\$222	\$222
Highway Users Tax Distribution	Transfer Out	\$0	\$338,010	\$576,262	\$600,690
Municipal State Aid Street	Transfer In	\$0	\$28,212	\$48,214	\$50,309
Municipal State Aid Street	Expenditure	\$0	\$28,212	\$48,214	\$50,309
Off-Highway Motorcycle	Transfer In	\$0	\$119	\$182	\$181
Off-Road Vehicle	Transfer In	\$0	\$423	\$650	\$646
Restricted Misc Special Rev	Revenue	\$0	\$34,446	\$34,709	\$34,665
Restricted Misc Special Rev	Transfer In	\$0	\$362	\$556	\$552
Restricted Misc Special Rev	Expenditure	\$0	\$34,808	\$35,265	\$35,217
Snowmobile	Transfer In	\$0	\$2,579	\$3,960	\$3,937
State Airports	Expenditure	\$10,259	\$313	\$0	\$0
Trunk Highway	Revenue	\$20,000	\$68,500	\$63,500	\$78,500
Trunk Highway	Transfer In	\$0	\$194,348	\$332,139	\$346,571
Trunk Highway	Expenditure	\$20,000	\$254,700	\$408,946	\$429,843
Water Recreation	Transfer In	\$0	\$3,869	\$5,941	\$5,905

**University Of Minnesota**

**Cyber Security**

The Governor recommends a one-time \$19 million appropriation for cyber security improvements. These improvements are part of a larger project that the University is supporting with \$78 million of its own funding over three years called the Next Generation Network initiative. This investment will improve security through a two-pronged approach: enhanced tools to aid in the prevention of security breaches and early detection if an attack does occur.

General	Expenditure	\$0	\$19,000	\$0	\$0
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**Pollution Control**

**St Louis River Area of Concern (SLRAOC) Remediation**

The Governor recommends funding for staff to work with the Environmental Protection Agency on a multi state and federal clean-up effort in the St. Louis River Area of Concern. Funding to conduct the clean-up as a result of industrial and other pollution to this area of the Great Lakes is included in the Governor's capital budget recommendations.

General	Expenditure	2016	2017	2018	2019
		\$0	\$125	\$125	\$125

**Total For: Pollution Control**

<b>General</b>	<b>Expenditure</b>	<b>\$143</b>	<b>\$1,846</b>	<b>\$557</b>	<b>\$557</b>
<b>Remediation Fund</b>	<b>Revenue</b>	<b>\$0</b>	<b>\$491</b>	<b>\$531</b>	<b>\$568</b>

**Public Employment Relations Board**

**Public Employment Labor Relations Board (PERB) Funding**

The Governor recommends funding for the Public Employment Labor Relations Board (PERB) to operate the board, hire hearing officers, and hear and resolve unfair labor practice charges.

General	Expenditure	2016	2017	2018	2019
		\$0	\$400	\$400	\$400

**Total For: Public Employment Relations Board**

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$400</b>	<b>\$400</b>	<b>\$400</b>
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**Public Safety - Public Safety**

**DNA Lab**

The Governor recommends additional funding for the Bureau of Criminal Apprehension DNA lab. Case submissions to the DNA lab have increased 57% over the past 5 years and continue to increase. Current turnaround time is 83 days. This funding will provide for eight forensic scientists and would reduce turnaround time to 30 days.

General	Expenditure	2016	2017	2018	2019
		\$0	\$650	\$1,000	\$1,000

**Total For: Public Safety - Public Safety**

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$650</b>	<b>\$1,000</b>	<b>\$1,000</b>
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2016                      2017                      2018                      2019

**Public Safety - Transportation**

**MNLARS Operation Fee**

The Governor recommends extending the current \$1.00 technology surcharge for the Minnesota License and Registration System (MNLARS) until June 30, 2019 in order to fund the ongoing transition and operational costs of the new system. The new system is being deployed in phases and this extension would cover the costs of operating the phases that are in production while the other phases are still being developed using the funds from the current fee. In addition, the extension will allow for post deployment analysis time to determine the operating costs of the complete system based on a period of actual expenditures with a report to the legislature in 2019.

Restricted Misc Special Rev	Revenue	\$0	\$10,000	\$10,000	\$10,000
Restricted Misc Special Rev	Expenditure	\$0	\$10,000	\$10,000	\$10,000

**State Patrol Academy Funding**

The Governor recommends an additional \$4.5 million per year from the trunk highway fund for the state patrol. The funds will be used to recruit, equip, hire and train new troopers on a regular and predictable basis by allowing an annual State Patrol Academy. This funding will stabilize staffing levels from year to year, while also supporting a focus on diversity recruitment.

Trunk Highway	Expenditure	\$0	\$4,500	\$4,500	\$4,500
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**Total For: Public Safety - Transportation**

Restricted Misc Special Rev	Revenue	\$0	\$10,000	\$10,000	\$10,000
Restricted Misc Special Rev	Expenditure	\$0	\$10,000	\$10,000	\$10,000
Trunk Highway	Expenditure	\$0	\$4,500	\$4,500	\$4,500

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		2016	2017	2018	2019
<b>Mediation Services, Board of</b>					
<b>Total For: Mediation Services, Board of</b>					
General	Expenditure	\$0	\$388	\$247	\$247

**Metropolitan Council - Transportation**

**Metropolitan Area Transit Sales Tax**

The Governor recommends enactment of a half-cent local sales tax in the seven county metropolitan area to expand the regional transit system. Sales tax revenues would allow for the construction of 20 new bus and rail transitways and almost a 30% expansion of bus operations over ten years. The revenues would replace over \$500 million in state bonding for transitway capital costs and \$500 million in general fund revenues for the state's 10% share of transitway operating costs. Transitway corridors would include 3 new light rail lines, 8 Bus Rapid Transit (BRT) lines and 9 Arterial BRT lines. The bus system expansion would include new routes, increased service frequency, new shelters, vehicles, and improved transit centers and other facilities. The half-cent sales tax would raise approximately \$170.6 million in fiscal year 2017, \$270.5 million in fiscal year 2018 and \$283.2 million in fiscal year 2019.

General	Revenue	\$0	\$0	\$0	\$0
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**Total For: Metropolitan Council - Transportation**

General	Revenue	\$0	\$0	\$0	\$0
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**Military Affairs**

**National Guard Security Improvements**

The Governor recommends \$1.562 million in fiscal year 2016-2017 to improve security at national guard facilities across the state. \$1.234 million is to install card reader systems at training and community centers, and \$328 thousand is to support having armed guards in place at Camp Ripley. Ongoing costs will support the increased cost of employing, training and supplying armed guards.

General	Expenditure	\$1,562	\$248	\$248	\$248
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**Total For: Military Affairs**

General	Expenditure	\$1,562	\$248	\$248	\$248
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# Corrections and Revisions to Governor's 2016 Supplemental Budget

(Dollars in Thousands)

		2016	2017	2018	2019
<b>Minnesota Management &amp; Budget</b>					
<b>Debt Service</b>					
This revision corrects an error in the FY 2019 debt service calculation and reflects the increased cost of issuance due to the addition of the Capitol Complex Security item included in the Governor's revised capital budget recommendations.					
General	Expenditure	0	1	1	(7,473)

## Public Safety

### Public Safety Officers Death Benefits

The Governor recommends changing the direct appropriation to the Department of Public Safety for Public Safety Officers Death Benefits to an open appropriation. This program provides a one-time monetary death benefit to dependents or the estate of public safety officers killed in the line of duty. This proposal would be effective for FY 2016. The fiscal impact includes known additional costs in FY 2016 due to additional benefits to be paid out. The FY 2017-19 impact reflects the savings related to the conversion from a direct appropriation to an open appropriation, the cost of which is estimated based on a 5 year rolling average of benefit payments.

General	Expenditure	94	(43)	(43)	(43)
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## Agriculture

### Use of Avian Influenza Funding

The Governor recommends that the use of avian influenza funding be expanded to include planning activities in addition to response activities. This recommendation would also expand the use of avian influenza funding to include other agricultural emergencies.

General	Expenditure	0	0	0	0
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<b>Net General Fund Impact</b>		<b>94</b>	<b>(42)</b>	<b>(42)</b>	<b>(7,516)</b>
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