

House Research Act Summary

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SESSION: 2011 First Special Session

TOPIC: Transportation finance omnibus

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Overview

This summary is of the 2011 First Special Session transportation finance omnibus act. The act contains the transportation budget for fiscal years 2012-13 (for the Minnesota Department of Transportation (MnDOT), a portion of the Metropolitan Council budget, and a portion of the Department of Public Safety budget), as well as some fiscal and legislative reporting provisions.

Transportation Budget

Among the changes from 2012-13 base appropriations and previous transportation budgets, the act:

- Increases the appropriation from the state airports fund for grants for airport development and assistance by \$1.78 million in fiscal year 2013 only;
- Reduces appropriations from the general fund for Greater Minnesota transit (compared to 2012-13 base appropriations) by \$2.7 million for the biennium;
- Adjusts MnDOT appropriations from the trunk highway fund to address changes in anticipated federal assistance, which (compared to 2012-13 base appropriations) amount to (1) a \$43 million decrease in the fiscal year 2011 appropriation for state road construction; (2) \$1.55 million in increases for planning and research; and (3) a net \$66 million addition for state road construction;
- Appropriates an additional \$141.1 million (including debt service on previously authorized trunk highway bonds) from the trunk highway fund for the biennium for state highway improvements as part of the Better Roads for a Better Minnesota program; and
- Reduces appropriations from the general fund for Metropolitan Council transit operations (compared to 2012-13 base appropriations) by \$51.7 million

for the biennium (excluding a Minnesota Council on Transportation Access funding shift that does not change total funding for the council).

Finance and Policy

Among other provisions, the act:

- Adjusts estimation and collections data used in allocating state aid for local roads;
- Expands fixed guideway investment and financial plan reporting provisions; and
- Extends and reduces a technology surcharge used to fund a replacement information technology system for Driver and Vehicle Services.

Article 1: Transportation Appropriations

Overview

This article contains the transportation budget for the current biennium, fiscal years 2012 and 2013.

- 1 Summary of appropriations.** Summarizes the appropriations by fund.
- 2 Transportation appropriations.** Defines terms. Establishes that appropriations are from the trunk highway fund, unless another is named, for the agencies and purposes specified.
- 3 Department of Transportation.** Appropriates funds to the Minnesota Department of Transportation (MnDOT) for the 2012-2013 biennium.

Subd. 1. Total appropriation. Summarizes MnDOT appropriations by fund.

Subd. 2. Multimodal systems. Appropriates money for airports and aviation, greater Minnesota transit, and freight and commercial vehicle operations. Among the changes in comparison to 2012-13 base appropriations and previous budgets, the legislation:

- Appropriates a onetime \$1.775 million from the state airports fund in fiscal year 2013 for airport development grants, which draws from the fund balance;
- Reduces appropriations from the general fund for Greater Minnesota transit by \$2.7 million for the biennium;
- Shifts funding from the Minnesota Council on Transportation Access to be provided entirely through the MnDOT transit appropriation instead of a portion being provided through the Met Council appropriation (which does not modify the amount of funding provided to the Council on Transportation Access compared to the 2010-11 biennium); and
- Reduces appropriations from the general fund for freight and commercial vehicle operations by \$98,000 for the biennium, as well as \$98,000 biennially on an ongoing basis.

Subd. 3. State roads. Appropriates money for the state trunk highway system, including operations and maintenance (general highway maintenance activities); program planning and delivery (short- and long-range planning as well as project development activities such as preliminary engineering and project management work); state road construction (actual contracts for highway work as well as land acquisition); debt service on trunk highway bonds; and electronic communications.

Among the changes compared to 2012-13 base appropriations, the legislation:

- Increases state planning and research funding from the trunk highway fund by \$1.42 million for the biennium, due to anticipated federal aid increases;
- Increases state road construction funding from the trunk highway fund by a net of \$66 million for the biennium, due to anticipated federal aid increases;
- Authorizes a transfer of up to \$20 million in fiscal year 2012 for a transportation economic development program newly created in the bill; and
- Appropriates an additional \$141.1 million (including debt service on previously authorized trunk highway bonds) from the trunk highway fund for the biennium for state highway improvements as part of the Better Roads for a Better Minnesota program.

Subd. 4. Local roads. Appropriates money for the county state-aid highway system and the municipal state-aid street system, and allows for increases in the respective appropriations if there are additional funds and certain conditions are met.

Subd. 5. Agency management. Appropriates money for agency services (such as information technology and human resources) and buildings.

Subd. 6. Transfers. Allows transfer of money across most agency activities within certain funds. Directs transfer of funds in the flexible highway account, apportioning the money for county and municipal turn-back projects (the portion provided to the trunk highway fund is for trunk highways that will be improved and then turned over to the local road systems).

Subd. 7. Use of state road construction appropriations. Allows MnDOT to use previous year trunk highway construction appropriations in fiscal years 2012 and 2013 if used for the original purpose and requires reporting.

Subd. 8. Contingent appropriation. Allows unappropriated trunk highway fund money to be appropriated to MnDOT under certain circumstances, upon approval by a legislative group.

4 Metropolitan Council. Appropriates funds from the general fund to the Metropolitan Council for bus, light rail transit, and commuter rail operations. In changes and riders, the legislation:

- Reduces appropriations from the general fund (compared to 2012-13 base appropriation) by \$51.7 million for the biennium (excluding the Minnesota Council on Transportation Access funding shift, discussed below), which is not ongoing;
- Combines bus and rail operations into a single appropriated amount;
- Lowers grants to suburban transit providers (opt-outs) for the biennium;
- Shifts funding from the Minnesota Council on Transportation Access to be provided entirely through the MnDOT transit appropriation instead of a portion being provided through the Met Council appropriation (which does not modify the amount of funding provided to the Council on Transportation Access compared to the 2010-11 biennium).

5 Department of Public Safety. Appropriates funds to the Department of Public Safety for transportation-related activities.

Subd. 1. Total appropriation. Summarizes Department of Public Safety appropriations by fund.

Subd. 2. Administration and related services. Appropriates money for administrative

functions.

Subd. 3. State Patrol. Appropriates money for the State Patrol, including patrolling highways, commercial vehicle enforcement, and capitol security. Funds for the State Patrol are primarily from the trunk highway fund, and capitol security is funded from the general fund.

Subd. 4. Driver and vehicle services. Appropriates funds for driver services and vehicle services primarily from special revenue derived from vehicle and driver licensing fees.

Subd. 5. Traffic safety. Appropriates funds for the traffic safety office.

Subd. 6. Pipeline safety. Appropriates special revenue funds for the pipeline safety office.

Subd. 7. Transfer. Transfers a total of \$7.1 million from the driver services operating account and the vehicle services operating account to the driver and vehicle services technology account. The transfer provides funding for a replacement Driver and Vehicle Services information technology system, and draws down available fund balances.

- 6 Tort claims.** Appropriates \$600,000 per year to the Department of Management and Budget for tort claims.
- 7 State roads.** Reduces the fiscal year 2011 appropriation to MnDOT from the trunk highway fund for state road construction by \$43 million, due to a lower amount of federal aid.

Article 2: Metropolitan Transit Finance

Overview

This article contains fiscal provisions related to Twin Cities area transit funding.

- 1 Grant application and awards; Grant Evaluation and Ranking System (GEARS) Committee.** Requires the Counties Transit Improvement Board (CTIB) to allocate funds for the cost of operations of certain transit ways in fiscal years 2012 and 2013. The fund allocation must be at least 75 percent of the net cost of operations for those transit ways receiving funding in 2011 from CTIB.
- This provision has the effect of back-filling a portion of the reduced general fund appropriations to the Metropolitan Council for the biennium.
- 2 Priority of fund uses.** Establishes that the first priority in allocation of funds by CTIB is for necessary debt service on bonds issued prior to 2011 under the board's bonding authority.
- 3 Obligations.** Permits the Metropolitan Council to issue bonds or other obligations up to \$35 million for capital expenditures, and related costs as prescribed in the council's transit capital improvement program.

Article 3: Transportation Development

Overview

This article contains various fiscal and policy provisions.

- 1** Part three: detailed capital budget. Adds a cross-reference to the requirements of the capital budget submitted by state agencies to the legislature (see section 9).
- 2** Information provided. Adds a cross-reference to the requirements for capital budget requests submitted by local units of government to the legislature (see section 9).

- 3** Trunk highway economic development account. Establishes an account in the trunk highway fund for trunk highway projects that will promote economic development, increase employment, and relieve growing traffic congestion. Makes a statutory appropriation of any funds provided to the account. Money in the account must be divided evenly between the metropolitan district and greater Minnesota, unless there are not enough applicants.
- 4** Estimate. Eliminates one month of actual receipts from being required data when identifying amount of aid provided for the county state-aid highway system in the upcoming calendar year. This aligns the aid allocation process with the November forecast.
- 5** Estimate of accruals. Eliminates one month of actual receipts from being required data when identifying amount of aid provided for the municipal state-aid street system in the upcoming calendar year. This aligns the aid allocation process with the November forecast.
- 6** **Technology surcharge.** Extends and reduces the temporary technology surcharge currently applied to vehicle registration renewals, reduced from \$1.75 to \$1.00 beginning July 1, 2012. The surcharge ends June 30, 2016. This surcharge is used to help fund MNLARS, a replacement IT system for Driver and Vehicle Services.
- 7** **Amounts; technology surcharge.** Extends and reduces the temporary technology surcharge currently applied to various certificate of title transactions, reduced from \$1.75 to \$1.00 beginning July 1, 2012. The surcharge ends June 30, 2016. This surcharge is used to help fund MNLARS, a replacement IT system for Driver and Vehicle Services.
- 8** **Fees; technology surcharge.** Extends and reduces the temporary technology surcharge currently applied to driver's license and Minnesota identification card applications from \$1.75 to \$1.00 beginning July 1, 2012. The surcharge ends June 30, 2016. This surcharge is used to help fund the MNLARS, an IT system operated by Driver and Vehicle Services.
- 9** **Guideways; investment capacity.** Expands fixed guideway investment and financial plan reporting provisions.
- Subd. 1. Definitions.** Defines terms.
- Subd. 1a. Capital project requests to legislature.** Requires that any state agency or local unit of government that proposes or requests state funds for a guideway project must provide a financial plan based on available data. The plan must identify the project's capital expenditures and estimated ongoing operating costs.
- Subd. 2. Legislative report.** Amends the content of a biennial legislative report on guideway projects and requires an additional report by January 15, 2012. Specifies additional items to be addressed in the report, including a system-wide capacity analysis that projects total capital and operating expenses and evaluates availability of funding from all sources.
- 10** **Effective date.** Extends the expiration of a technology surcharge applied to vehicle registration renewals.

Article 4: Effective Date

- 1** **Effective date.** Provides that the provisions of this bill, including appropriations, are effective retroactively to July 1, 2011, and supersedes any funding authorized by court order related to the state government shutdown.