

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 1444
Version: Fourth engrossment

DATE: April 26, 2013

Authors: Hornstein

Subject: Transportation finance omnibus

Analyst: Matt Burress, 651-296-5045

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/

Overview

This bill (as passed by the House of Representatives) contains the transportation budget, tax changes, and various transportation finance and policy provisions. Some of the changes are as follows.

Budget

- ▶ Sets the budget for the Minnesota Department of Transportation (MnDOT) and part of the Minnesota Department of Public Safety, as well as funding for the Metropolitan Council, for the upcoming biennium
- ▶ Appropriates funds for new state programs
- ▶ Makes various changes in base appropriation levels largely reflecting the Governor's budget proposal, including increased appropriations for state roads, Driver and Vehicle Services, and the State Patrol

Finance and Policy Provisions

- ▶ Establishes a Corridors of Commerce program
- ▶ Requires a review of MnDOT lands for potential sales
- ▶ Increases a driver's license filing fee
- ▶ Provides for driver education with behind-the-wheel concurrent to classroom instruction
- ▶ Establishes a Transportation Economic Development (TED) program
- ▶ Sets uses of non-capital funds for the Safe Routes to School program
- ▶ Modifies staffing and authority over security in the Capitol area complex
- ▶ Modifies powers of county regional railroad authorities

Section

- ▶ Requires accessibility at a Central Corridor light rail transit station
- ▶ Funds development of an implementation plan for transitway expansion
- ▶ Makes the Minnesota Council on Transportation Access permanent

Article 1: Appropriations

Overview

This article contains the transportation budget for the upcoming biennium.

- 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 2014-2015 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 2014-15 base appropriations and previous budgets, the legislation:

- ▶ Reduces appropriations by \$650,000 annually from the state airports fund to reflect expected revenues;
- ▶ Increases appropriations for transit in Greater Minnesota, consisting of an additional \$11.6 million in base appropriations each biennium from the general fund, and \$5 million for the 2014-15 biennium from the vehicle services operating account;
- ▶ Appropriates \$1 million in fiscal year 2014 for contamination cleanup on state rail bank property; and
- ▶ Appropriates \$250,000 annually for planning, outreach, education, and training activities related to the Safe Routes to School program.

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 2014-15 base appropriations, the legislation:

- ▶ Increases base appropriations by \$5 million annually for the operations and

Section

maintenance budget activity;

- ▶ Appropriates \$100,000 in fiscal year 2014 from the general fund for initial implementation of the Corridors of Commerce program (see article 2, section 1);
- ▶ Appropriates \$50,000 in fiscal year 2014 from the highway user tax distribution fund for continuation of the eWorkPlace telework Web site presence;
- ▶ Appropriates \$150,000 per year through fiscal year 2018 from the general fund for research grants to the Humphrey School of Public Affairs;
- ▶ Makes \$900,000 annually available for grants to regional development commissions, which is increased from \$600,000 annually in recent previous budgets;
- ▶ Appropriates and sets a base of \$10 million annually (with \$5 million from the general fund, and \$5 million from the trunk highway fund) for the transportation economic development (TED) program (see article 2, section 8); and
- ▶ Increases state road construction funding by a total of \$358 million for the biennium, which reflects additional federal assistance and use of trunk highway funds; and
- ▶ Appropriates \$1 million per year through fiscal year 2016 for additional federal American Recovery and Reinvestment Act funds.

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 turnback 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. Previous state road construction appropriations. Allows MnDOT to use previous year trunk highway construction appropriations in fiscal years 2014 and 2015 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. Appropriates \$100,000 in

Section

fiscal year 2014 fund for a transitway expansion implementation plan (see article 2, section 21).

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, including communications and programs within the Commissioner's office.

Compared to 2014-15 base appropriations, the legislation increases and sets a base of \$700,000 annually (with \$600,000 from the general fund, and \$100,000 from the trunk highway fund) for grants to peace officers for costs of soft body armor. This is increased from \$502,000 annually from the general fund in recent previous budgets.

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.

Compared to 2014-15 base appropriations, the legislation increases the base appropriations by \$1.5 million annually from the general fund for capitol area security.

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).

Among the changes compared to 2014-15 base appropriations, the legislation:

- ▶ Increases the base appropriation for vehicle services by \$650,000 annually for additional staff to handle vehicle title transfers;
- ▶ Appropriates a total of \$150,000 in fiscal year 2015 for a new telephone system;
- ▶ Increases the base appropriation for driver services by \$71,000 annually, starting in fiscal year 2015, for additional staff to handle facial recognition; and
- ▶ Appropriates \$15,000 in fiscal year 2014 for rulemaking costs associated with establishing a system for concurrent driver education (see article 2, sections 5 and 6).

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

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

Section

- 6 Tort claims.** Appropriates funds to the Department of Management and Budget for tort claims.
- 7 Reauthorization; 2008, bond sale expenses for trunk highway bonds.** Re-authorizes an appropriation to the Department of Management and Budget for expenses related to sale of trunk highway bonds that had been originally authorized in 2008. The authority had canceled as part of the statutory bond cancellation process.

Article 2: Transportation Finance and Policy

Overview

This article contains various provisions related to transportation finance and policy.

- 1 [161.088] Corridors of Commerce program.** Establishes a program for selection and construction of trunk highway projects related to commerce.
- Subd. 1. Definitions.** Defines terms.
- Subd. 2. Program authority, funding.** Establishes the program for improvements to commerce in the state, and specifies that it is to be implemented with funds specifically provided.
- Subd. 3. Project classification.** Creates classifications for candidate trunk highway projects, consisting of:
- ▶ capacity development projects, that add additional capacity to the trunk highway system; and
 - ▶ freight improvements.
- Subd. 4. Project eligibility.** Establishes basic requirements for whether a project is eligible to be included in the program, including consistency with transportation plans, location on an interregional corridor (for projects outside the Twin Cities metropolitan area), fit in one of the project classifications under subdivision 2, a time limit for when the project would be ready to start, and a maximum project cost.
- Subd. 5. Project selection process; criteria.** Requires MnDOT to establish a selection process and criteria for evaluation of projects. Provides for stakeholder recommendations on candidate projects. Specifies some criteria that must be included in determining which projects to fund through the program, including return on investment, measures of commerce impacts, efficiency of freight movement, safety improvements, and project support.
- Subd. 6. Funding allocations; operations and maintenance.** Provides for accounting for future operating costs resulting from a project funded under the program.
- Subd. 7. Legislative report, evaluation.** Requires an annual legislative report

Section

starting in November 2014 on the program, as well as an independent program evaluation every other year starting in 2016.

- 2** **Trunk highway fund appropriations.** Amends a listing of items that are excluded from being considered trunk highway purposes for which MnDOT may make payments from the trunk highway fund, to (1) allow for payments of tort claims, and (2) limit payments to MN.IT Services to the amount attributable to actual costs for trunk highway purposes.
- 3** **Periodic review; appropriation.** Directs MnDOT to regularly review real estate that the department controls and identify whether it is suitable for sale, and requires a legislative report, due in 2015 and 2017, on results of the review.
- 4** **High-value vehicle.** Amends the definition of “high-value vehicle” in the chapter on motor vehicle titles, to raise the minimum value of a vehicle prior to being damaged in a crash, from \$5,000 to \$9,000, in order to be considered high-value. (This has the effect of reducing the collection of vehicles considered high-value.)

High-value vehicles are subject to provisions under section 168A.151 that (1) require an insurance company to obtain a salvage title on the vehicle if it was acquired as a result of paying an insurance claim, and (2) require a salvage title on some damaged vehicle scenarios involving an out-of-state title.
- 5** **Person less than 18 years of age.** Allows a person to get a driving instruction permit when taking classroom and behind-the-wheel concurrently, following at least 15 hours of classroom instruction (and when other requirements are met). Under current law, a person must first complete the classroom portion and be enrolled in behind-the-wheel in order to obtain a permit.
- 6** **Rulemaking.** Requires the Department of Public Safety to adopt rules related to driver education, which has the effect of requiring rulemaking to implement a concurrent driver education change made in section 5 of this article.
- 7** **Fee; equipment.** Increases the filing fee charged for a new or renewal driver’s licenses and Minnesota identification cards, from \$5 to \$8. The same fee amount is imposed by agents authorized by Driver and Vehicle Services (DVS) to administer driver licensing offices, and by DVS at its locations. Filing fees collected by agents are retained by them, and fees collected by DVS are deposited in an operating account in the special revenue fund for DVS program administration.
- 8** **[174.12] Transportation Economic Development program.** Codifies authorization and requirements governing a joint MnDOT/Department of Employment and Economic Development (DEED) program for road construction related to economic development.

Subd. 1. Program established. Directs MnDOT and DEED to jointly establish a program for funding transportation projects that have economic development impacts.

Subd. 2. Transportation economic development accounts. Establishes accounts for the program in the special revenue fund and the trunk highway fund.

Section

Subd. 3. Program administration. Directs MnDOT and DEED to make public solicitations for projects and provide information and technical resources to potential applicants.

Subd. 4. Economic impacts performance measures. Requires DEED to develop performance measures on economic impacts to use in evaluating projects for inclusion in the program.

Subd. 5. Financial assistance; criteria. Specifies core criteria that must be included in evaluating projects for inclusion in the program.

Subd. 6. Financial assistance; project evaluation process. Specifies that project selection must be based on the criteria established, and directs certifications by both MnDOT and DEED regarding project eligibility.

Subd. 7. Financial assistance; awards. Limits funds from the program to 70 percent of project costs. Requires geographic balance throughout the state with respect to both numbers of projects and funding levels.

Subd. 8. Legislative report. Mandates a legislative report, due February 1 of every other year starting in 2015.

- 9 Related non-infrastructure activities.** Establishes allowable uses of non-bond proceeds funds in the Safe Routes to School program, to include planning, education, traffic enforcement, and financial assistance activities.
- 10 Transportation alternatives projects.** Requires MnDOT to obtain the same or a greater level of funding for certain bicycle and pedestrian trail project categories in each year compared to the average funding over the previous four years.
- 11 Grade crossing safety account.** Gives MnDOT discretion in whether to cancel remaining funds in the grade crossing safety account at the end of each biennium.
- 12 Responsibilities.** Creates the position of emergency manager in the Capitol Complex Security Division permanent staff. The emergency manager must:
- ▶ oversee plans and procedures regarding security operations;
 - ▶ develop and implement tenant training to address threats and emergency procedures; and
 - ▶ develop and implement threat and emergency exercises.
- The director must assign at least one state trooper to the Capitol complex at all times and must hold at least one annual meeting to discuss Capitol complex security, emergency planning, public safety, and public access to the Capitol complex.
- 13 Powers and duties transferred.** Assigns the Commissioner of Public Safety as the final authority over public safety and security in the Capitol complex. The Commissioner of Administration is responsible for the Capitol complex as provided under Minnesota Statutes, chapter 16B, which assigns general management responsibilities.

Section

- 14** **Definition.** Defines “project” in a section of statutes governing commuter rail and light rail transit funding, to be initial construction and not additional segments or enhancements following the original commencement of operating the line. This has the effect of narrowing—for commuter and light rail transit projects—the scope of a ten percent cap on capital funding that is place under current law, as well as removing a prohibition on covering the operating costs, that can come from regional railroad authorities.
- 15** **Effective date.** Extends, from 2013 to 2016, appropriations authority for MnDOT from federal aid received under the American Economic Recovery and Reinvestment Act of 2009 (ARRA).
- 16** **Central Corridor light rail transit; Central Station accessibility.** Requires the Metropolitan Council to include access to the pedestrian skyway as part of initial Central Corridor light rail line construction at the Central station (in downtown St. Paul). Access must include an elevator.
- 17** **Bus rapid transit development authorized.** Authorizes the Washington County Regional Railroad Authority to develop and implement bus rapid transit (BRT) lines within the county using funds from levy authority (which is provided for preservation of abandoned rail right-of-way for future transportation uses). Allowable BRT lines are those identified in the Metropolitan Council’s transportation policy plan.
- 18** **Marked Interstate Highway 35E projects; trail mitigation.** Mandates inclusion of bike/pedestrian trails and connections as part of MnDOT’s construction projects along I-35E from downtown St. Paul to I-694.
- 19** **Marked Interstate Highway 35W project; noise barriers.** Prevents noise walls from being part of a project on I-35W in Minneapolis to add access and capacity from the downtown area.
- 20** **Minnesota Department of Transportation District 1 construction projects.** Requires MnDOT select certain route layouts for construction projects on U.S. 53 and U.S. 169.
- 21** **Transitway expansion implementation plan.** Directs the Metropolitan Council to develop, by January 15, 2014, an implementation plan to accelerate concurrent transitway development in the Twin Cities metropolitan area. Specifies components to include in the plan.
- 22** **Repealer.** (a) Repeals a trunk highway economic development account provision, which is substantially recreated within the TED program authority under section 8 of this article.
- (b) Eliminates expiration of the Minnesota Council on Transportation Access, which is set to expire June 30, 2014.