



395 John Ireland Blvd
St. Paul, Minnesota 55155

April 6, 2022

Chair Rosen and Members of the Senate Finance Committee:

On behalf of the Minnesota Department of Transportation, I want to thank you for the opportunity to share the agency's perspective on the Senate's omnibus transportation bill.

We appreciate the bill's inclusion of several items from the Governor's policy and budget proposals, including those related to drones, turn backs, state aid needs calculation, reporting requirements for transit grant recipients, funding for small cities, and allowing the installation of electric vehicle charging infrastructure at certain rest areas.

We also are pleased to see the inclusion of policy changes to the **Corridors of Commerce program**, which provide clarification on how the program is to be administered. However, the significant trunk highway fund base increase for Corridors of Commerce reduces resources available for other MnDOT projects. Instead, any base funding increase for the program should come from the general fund. Additionally, the bill eliminates any involvement of the Metropolitan Council in selecting metro-area projects. The Metropolitan Council should have a role in screening projects since they are the federally designated metropolitan planning organization for the Twin Cities region.

We are pleased that MnDOT's request for operations and maintenance funding is included in the bill, along with a base increase for the Safe Routes to Schools program.

There are several provisions that provide funding to enhance Minnesota's transportation infrastructure, including **trunk highway budget authority to access federal funds** provided under the Infrastructure Investment and Jobs Act. While we appreciate IJJA matching funds for many of the modes, including Greater Minnesota transit, aeronautics, and other discretionary funds, **there are several restrictions on how those funds can be used.**

Unfortunately, the **bill prohibits expending federal funds, except by direct appropriation.** For example, lines 19.14-19.25 eliminate the existing process for spending federal funds under the Legislative Advisory Commission and only allow spending IJJA funds by direct appropriation. This prohibition severely restricts MnDOT's ability to quickly access federal funds, which could negatively impact communities across the state. Furthermore, these provisions were not heard prior to their inclusion in the omnibus bill, thereby minimizing the opportunity for MnDOT and others to provide input into how this change would adversely impact Minnesotans. There are also no corresponding direct appropriations in this bill that would allow us to spend anticipated federal funds, which, under current law, are authorized via statutory appropriations.

There are other prohibitions which unnecessarily restrict MnDOT's ability to develop statewide transportation infrastructure. The bill **does not provide funding for electric vehicle charging infrastructure**, instead it puts in place **several restrictions on how federal funds can be used for EV charging. The significant increase in electric vehicle fees (from \$75 to \$229) might discourage people from purchasing electric vehicles when we should be**

doing everything we can to encourage people to adopt this technology. This legislation does not provide the resources needed to expand the state's electric vehicle charging network.

The bill also **prohibits MnDOT from funding the ReConnect Rondo** project in St. Paul, even with funds already appropriated by the legislature. This important project seeks to address past injustices from the construction of Interstate 94 and has already been recognized at the federal level as a project that likely will compete well for IJA grant opportunities.

The bill **eliminates funding for passenger rail** and **shuts down the Northstar commuter rail line**, which would negatively impact numerous communities. These actions could also jeopardize existing and future federal funds coming to Minnesota.

Trunk highway earmarks divert resources from projects that have been identified through an objective planning process. Earmarks can negatively impact fairness in project selection and funding. The bill includes more than 20 earmarks, and in some cases may direct the use of trunk highway funds for local roads. These earmarks utilize almost all existing trunk highway bond capacity. As we have noted in previous sessions, **the attached 2016 letter, which includes bipartisan representation of, at the time, current and past chairs of House and Senate transportation committees, provides additional detail regarding concerns with earmarking.** MnDOT is reviewing cost estimates and other information for earmarks listed in the bill and will provide more information about these projects in the coming days. Finally, MnDOT recently completed a report on meaningful legislative input in project selection. We recommend implementing the recommendations from this report instead of earmarking projects.

We have some suggestions related to the **highway purpose report** in Article 7, Sec. 8. Instead of using the term "nonhighway purpose," which implies the purpose is unconstitutional, an alternate term like "unauthorized purpose" or "prohibited purpose" is more appropriate. Additionally, the bill implies that expenditures prohibited by section 161.20 are unconstitutional. The Dedicated Funds Expenditures Task Force met for several months and was unable to resolve this issue. A better approach would be to create a second sentence that does not imply the prohibited items in section 161.20 are unconstitutional (e.g., "Commissioners of state agencies also must not include in a biennial budget any expenditures from the trunk highway fund or the highway user tax distribution fund for any purpose prohibited by section 161.20.").

We have additional concerns with **changes to the pavement life cycle cost analysis** included in the bill. MnDOT's life cycle cost analysis was developed over many years using experience gained from past methods and the review of other state DOT processes, Federal Highway Administration guidance and academic papers, along with input from industry stakeholders. The current process, based on substantial research and stakeholder input, allows MnDOT districts discretion to use an alternate bid process and select pavement types based on factors like constructability, type continuity, traffic control issues, and effect on businesses. Our recommendation is to direct the department to work with stakeholders to study issues related to pavement selection, especially related to using an excess fuel consumption calculation, and report back to the legislature with consensus recommendations for changes to this process.

Several MnDOT agency initiatives were not included in the bill, including those related to **Indian employment preference, climate funding, the Allied Radio Matrix for Emergency Response, rail grade crossing safety, utility aircraft, a technical change to membership on the municipal screening board, the North Star Bikeway, and operating funds for the second daily train to Chicago.**

The bill **does not account for increased debt service costs** from the proposed \$300 million of additional trunk highway bonds. The bill also **does not include increases for program planning and delivery or agency services,**

including operating pressures. These activities are essential to plan, deliver, and manage the additional federal funds coming to Minnesota from the bipartisan infrastructure law.

Thank you for the opportunity to share MnDOT's perspective on the omnibus transportation bill. We look forward to working with you to address these issues as the bill progresses through the legislative process.

Sincerely,

A handwritten signature in blue ink that reads "Nancy Daubenberger". The signature is written in a cursive, flowing style.

Nancy Daubenberger, P.E.
Interim Commissioner

cc: Senator Scott Newman, Chair, Senate Transportation Finance and Policy Committee
Senator Scott Dibble, Ranking Minority Member, Senate Transportation Finance and Policy Committee

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