

MPTA 2015 SESSION SUMMARY

The 2015 Regular Session and Special Session have now concluded with all of the necessary budget bills passed into law and signed by the governor. A capital bonding bill was also passed during the one-day special session, but it contained no funding for transit projects. For transit, legislation provided for continued funding at current levels but no major increases as we had hoped.

After months of pressure and lots of talk about transportation funding being a priority for the 2015 Session, the legislature passed and the governor signed a transportation budget bill that largely maintains status quo levels of funding for highways and transit. There is a small chance that during special session more could be done.

With projections of a budget surplus of close to \$2 billion in the general fund, advocating for state tax increases for transportation has been an uphill battle. The House majority wanted to take advantage of positive revenue projections to reduce taxes, particularly on businesses. The House passed an omnibus tax bill with around \$2 billion in tax cuts. The Senate and the Governor wanted to increase spending in a number of areas including education. With very different approaches, the leaders in the House and Senate agreed on budget bills to keep the government running with some increases in areas like nursing home care but less overall spending than the governor and Senate had proposed. The tax bill did not need to pass in order to keep the government running and tax increases for transportation were not necessary to keep MnDOT and the Metropolitan Council operating so those were both left on the table, leaving close to \$1 billion of the \$2 billion surplus unspent.

Senate Majority Leader Bakk had repeatedly said that agreement on a tax bill would only come with an agreement on increases in transportation funding. With both of those left undone, Senator Bakk and House Speaker Kurt Daudt have said they want to deal those bills during the 2016 Legislative Session.

The House and Senate had passed very different versions of HF4, the omnibus transportation budget bill, with significant increases in revenue provided in different ways.

In the Senate, increased funding for transit in the Twin Cities Metropolitan Area would have been provided through a $\frac{3}{4}$ cent increase in the Metropolitan Area sales tax which would have been collected by the state in the entire seven-county metro area rather than in the five counties currently collecting the tax. The revenue would have been shared among the Metropolitan Council for transit service, the Counties Transit Improvement Board (CTIB) for construction and operation of transitways and bike and pedestrian investments.

For Greater Minnesota Transit, the Senate bill would have provided increased funding by increasing the current statutory distribution of the motor vehicle sales tax (MVST) and eliminating the existing MVLST, in addition to increasing the general fund base by \$6 million per year.

The House approach was to dedicate existing revenue streams to transportation through several statutory dedications including the dedication of sales tax revenue on rental vehicles (starting in FY2018) that would be distributed to transit budgets along with a one-time general appropriation from the budget surplus. For Metropolitan Area transit, the House proposal would have reduced overall funding for transit by phasing out the current general fund appropriation while making the current open and standing appropriation of MVST part of the biennial budgeting process.

The House proposal for Greater Minnesota transit included increasing the amount of funding from the sales tax on leased vehicles, a 50-50 split of the \$32 million now going to the general fund (MVLST) along with a one-time appropriation from the general fund.

The conference committee on HF4 could not reach agreement on a bill with significant increases in revenue and so a “lights on” approach was used to pass the basic funding that MnDOT and the Metropolitan Council need to keep functioning by using SF1647 as a vehicle for those appropriations. The conference committee on HF4 remains in place and can technically meet again during the 2016 Legislative Session.

So at the end of the day, the MVLST distribution has not changed. The first \$32 million collected will continue to be deposited in the general fund with the remaining revenue split 50/50 between Greater Minnesota Transit and 5 of the 7 metro area counties for highway purposes. Revenue estimates project that this revenue will grow in the future.

There is no change in the current distribution of MVST (60% to highways, 36% to metropolitan area transit and 4% to Greater MN transit). There is no increase in the metropolitan area sales tax and no elimination of the general fund appropriation for transit.

Proposals to provide separate funding for active transportation were also not included in the final bill. Some funding was provided for the Safe Routes to School program (\$500,000 per year for this biennium) along with a stipulation that local governments need to require developers to include safe routes to school infrastructure in new subdivisions in order to qualify for these funds.

The final transportation budget bill includes a new, one-time, appropriation for a demonstration project by suburban transit providers who would like to offer more suburb to suburb service along with funding for Transportation Management Organizations (TMO) in the metropolitan area. An additional seat was created on the Transportation Advisory Board (TAB) for an elected official representing one of the suburban transit providers.

The final bill, along with the growth in MVST, provides an increase of \$6,079,000 for Greater MN transit over the previous biennium with \$5 million in a one-time appropriation from general fund for the biennium. The bill provides an increase of \$99,612,000 for Metropolitan Area transit over the previous biennium.

Below is a summary of funding proposals and the final appropriations in SF1647:

	FY14-15 Biennium	FY16-17 Final	<i>FY16-17 Senate</i>	<i>FY16-17 House</i>
MnDOT Office of Transit GF Base	\$ 39,453	\$ 34,490	\$ 34,490	\$ 34,490
MnDOT Office of Transit GF Increase		\$ 5,000	\$ 12,000	\$ 14,000
MnDOT Office of Transit MVLST	\$ 41,813	\$ 39,475	(\$ 39,475)	\$ 57,025
MnDOT Office of Transit MVST	\$ 52,830	\$ 61,140	\$122,280	\$ 61,140
MnDOT Office of Transit TH	\$ 1,550	\$ 1,620	\$ 1,719	\$ 1,550
TOTAL	\$135,646	\$141,725	\$131,014	\$168,205
Passenger Rail GF	\$ 1,000	\$ 1,000	\$ 1,000	
Safe Routes to School GF	\$ 1,000	\$ 1,000	\$ 1,000	

Metropolitan Council				
Bus and Rail Operations GF Base	\$187,693	\$153,252	\$153,252	\$153,252
Bus and Rail Operations GF Cut			(\$ 39,373)	(\$110,329)
Bus and Rail Operations Change	(\$29,700)	\$ 27,300		
Metro Sales Tax increase ¾ cent			\$606,300	
Transit Asst. - MVST	\$475,447	\$550,300	\$519,700	\$550,300
Suburban Pilot Project		\$ 2,000		\$ 3,000
TMO Funding		\$ 200		\$ 400
TOTAL	\$633,440	\$733,052	\$1,239,879	\$596,623

Non-Emergency Medical Transportation (NEMT) Last session, the Health and Human Services budget bill contained many policy recommendations made by the Non-Emergency Medical Transportation Advisory Committee that did not have a cost implication to DHS. This year's bill includes changes in the description of services available for reimbursement by MA and the types of records that providers have to keep in order to receive payment; makes substantial changes to the rates for NEMT providers under MA. The new language ties the rates paid to the type of transportation service provided, not the type of vehicle. The language also provides a rate add-on if the services are provided in certain rural areas. The bill also eliminates the 4.5% rate decrease levied upon NEMT and ambulance services that started in 2012.