

MCEA Summer Conference Legislative Committee Report

June 12, 2025
JinYeene Neumann



Overview



- 2025 MCEA Priorities
- 2025 Session Recap
- Budget Targets
- Transportation Bills House/Senate
- Bonding
- Global Budget Targets
- End of Regular Session
- Transportation Working Group Agreement
- Capital Investment Working Group Agreement
- Special Session

2025 MCEA Priorities



MCEA Legislative Committee Member and Otter Tail County Engineer Krysten Foster presents alongside Margaret Donahoe, Executive Director of the MN Transportation Alliance

BONDING

Support the passage of a bonding bill that includes funding for transportation-related programs including local roads and bridges, and includes both general fund cash and general obligation (GO) bonds for the Local Government Road Wetland Replacement Program.

LGRWRP

Support base funding in the Board of Water and Soil Resources (BWSR) budget to address long-term needs of the program going forward in addition to the immediate need for GO bonds and general fund cash provided in the bonding bill.

Auto Repair Parts

Accelerate full dedication of the revenue from the sales tax on auto repair parts.



2025 MCEA Priorities Continued

GHG/VMT

Building on the progress made during the 2024 Legislative Session to improve the language initially passed in 2023, MCEA identifies the three following priorities going forward:

- MCEA supports limiting greenhouse gas (GHG) and vehicle miles traveled (VMT) assessments to transportation projects on the Trunk Highway system only and opposes applying GHG and VMT assessments to transportation projects on the local road system.
- MCEA requests exempting capacity expansion projects that are being planned to mitigate known safety issues.
- MCEA supports appropriating funding to the Transportation Impact Assessment and Mitigation Account in the special revenue fund to further mitigation efforts.



MCEA Legislative Committee Member and Anoka County Engineer Joe MacPherson testifies in support of HF748 (Koznick) which proposed to modify the GHG emissions assessment and mitigation requirements



2025 Session Recap

- Since the November 2024 Election, things have been off to a rocky start
 - Majority issues
 - Quorum debate
 - Special elections
 - Legislators facing legal challenges
 - Co-Chairs in the House
- 201 legislators = tightest political margins in the country
 - 101 Democrats
 - 100 Republicans
 - Democrat Governor
- **Regular Session ended on Monday, May 19**
- **Special Session called for Monday, June 9**

NOVEMBER

**Nov.
Elections**

**Power-
sharing
Agmt.**

**Residency
Ruling: 40B**

**Session
Begins;
House
Holdout**

**Quorum
Sparring**

**MN
Supreme
Court: 40B
Special
Election**

**MN
Supreme
Court:
Quorum**

**House
Convenes;
New
Speaker**

MID FEBRUARY

SNAPSHOT: House “woes” timeline from November election through 3rd week of January

Nov. Elections

Voters elect 67 GOP House members and 67 DFL House members, creating (for the second time ever!) a split Minnesota House

Co-sharing Agreement

In late November, House Leaders Lisa Demuth (GOP) and Melissa Hortman (DFL) announce a power sharing agreement with a pledge to co-govern. A committee assignment list with “co-chairs” and equal party representation is released.

December—Residency Ruling

A Ramsey District Court Judge rules Rep. Elect Curtis Johnson did not properly live in his district, requiring a special election. GOP soon thereafter announces the power sharing agreement is off.

Early January Quorum Threat

With power sharing agreement off and threats of “unseating” Rep-elect Brad Tabke, DFL threatens to not show up 1st day of session and deprive body of quorum unless a negotiated power sharing agreement returns. DFL holds separate swearing in ceremony on Sunday prior to session.

First day of session

With no “agreement”, DFL House Caucus follows through and doesn’t show up for first day of session. Sec. of State Simon adjourns the House after no quorum establish. GOP continues, electing Speaker, rules, and eventually Committee.

1st 2 weeks of Session

House GOP proceed with business, conducting hearings/committee while DFL sues alleging the body is not constitutionally organized because of a lack of quorum.

In mid-January, Supreme Court says Gov. Walz erred in setting special election for Johnson race so soon, pushing back election until mid-March.



House and Senate Budget Targets Released at the End of March

House Committees	HOUSE		Senate Committee	SENATE	
	FY 2026-27	FY 2028-29		FY 2026-27	FY 2028-29
Agriculture	\$17,000	\$17,000	Ag, Broadband, and Rural Development	-\$313	\$2,928
Capital Investment	\$10,000	\$0	"Capital Projects"	\$0	\$0
Children and Families	\$25,000	-\$15,000			
Commerce	\$3,000	-\$10,000	Commerce and Consumer Protection	\$1,614	\$2,578
Education	\$40,000	\$0	Education Finance	\$0	-\$687,400
Elections	-\$1,824	\$106	ElectionS	-\$1,064	-\$15,146
Energy	\$0	\$0	Energy, Utilities, Environment, & Climate	-\$4,000	-\$4,000
Environment	-\$10,000	\$0	Environment, Climate, and Legacy	-\$1,000	\$2,000
Health	-\$50,000	-\$175,000	Health and Human Services	-\$261,811	-\$336,860
Higher Education	\$0	\$0	Higher Education	\$100,000	\$25,000
Housing	\$75,000	\$7,600	Housing and Homelessness Prevention	\$3,000	\$1,000
Human Services	-\$300,000	-\$1,000,000	Human Services	-\$272,000	-\$430,000
Judiciary	\$30,000	\$30,000	Judiciary and Public Safety	\$106,230	\$114,394
Public Safety	\$50,000	\$50,000			
State Government	\$45,000	\$45,000	State and Local Government	\$45,298	\$55,761
Veterans and Military Affairs	\$5,000	\$5,000	Veterans and Military Affairs	\$40,958	\$53,744
Taxes	-\$40,000	-\$40,000	Taxes	-\$365,000	-\$370,000
Transportation	\$0	\$0	Transportation and Public Safety	-\$226,990	-\$132,382
Workforce, Labor/Economic Dev.	-\$50,000	-\$50,000	Jobs and Economic Development	\$8,649	\$4,546
			Labor	\$357	\$798
			Debt Service	\$27,048	-\$25,719
Others					
Pension target	\$124,000	\$124,000	Pension target	\$45,000	\$0
Other bills	\$13,341				
Net cuts/budget spending changes	-\$14,483	-\$1,011,294	Net cuts/budget spending changes	-\$754,024	-\$1,738,758
**Inflation fun/accounting changes	-\$1,145,305	-\$1,597,465			
General Fund Change	-\$1,159,788	-\$2,608,759	General Fund Change	-\$754,024	-\$1,738,758

Transportation Budget Targets



- Initial Senate budget targets included a negative target for transportation at **-\$227 million** in the FY2026-27 biennium and **-\$132 million** in the FY2028-29 biennium
- Initial House budget targets were **zeroed out** for transportation

Highlighted Provisions in the House Transportation Bill



- Most of the GF savings in the House Bill came from the governor's budget recommendation to reduce GF money to the Met Council for transit operations
- \$3.838 million in one-time GF money for the Local Road Improvement Program
- \$3.838 million in one-time GF money for the Local Bridge Replacement Program
- \$10 million in one-time GF money for the Local Government Road Wetland Replacement Program
 - \$6.37 million/year base funding for the wetland replacement program starting in FY2028-29
- EV fee increase from \$75 to \$200
 - 80% to HUTD
 - 20% to Transportation Impact Assessment Mitigation Account
- Blackout plate revenue - \$43.75% to HUTD
- Changes to the GHG/VMT law
 - Eliminates the project-by-project assessment and delays implementation date by one year for the portfolio assessment
 - Includes part of EV fee increase for mitigation fund

Highlighted Provisions in the Senate Transportation Bill



- Most of the GF savings came from a delay in the appropriation to the Northern Lights Express (NLX) and other cuts to passenger rail as well as the governor's proposed budget recommendation to reduce GF money to the Met Council for transit operations
- The bill also proposed a temporary two-year adjustment to the % of auto parts sales tax revenue going from the GF to the HUTDF
 - 36.5% to the HUTDF in FY2028 and 29.5% in FY2029 instead of the current 43.5%
- Imposes a statutory speed limit on Steele County CSAH 12 and on Beltrami County CSAH 20
- Repeals the current State Aid design standards for CSAH and MSAS, focuses on use of the MnDOT Facilities Design guide
- Requires MnDOT to update its Cost Participation Policy with local governments by 3/1/26
- Increases the EV fee from \$75 to \$200
- Modifies the definition of a highway purposes and removes certain limitations on TH spending

Bonding

- Governor's Capital Budget Recommendations only included \$3.6 million in GO Bonds for wetland replacement program
 - No money for local roads and bridges
- Throughout session, Senate questioned debt capacity, wanted to do more than \$700 million bill
- AMC/MCEA presentation before Senate Capital Investment Committee on bonding priorities in early March
- Senate eventually includes a \$1.35 billion budget target for bonding and releases spreadsheet in early May and holds a hearing
 - \$23 million for LRIP
 - \$14 million for LBRP
 - \$3.6 million for wetland replacement program
- Spreadsheet only, no bill introduced



MCEA Legislative Committee Member and Washington County Traffic Engineer Joe Gustafson presents before the Senate Capital Investment on MCEA bonding priorities

Bonding - Capital Project Replacement Account



- A holdover from the 2024 session, we anticipated seeing this again
- HF2418 (Tabke)/SF2321 (Pappas) initially introduced as a **Capital Project Replacement Account** and didn't pick up where we left of last session with exceptions, etc.
- Hearing at the end of March in the House Elections Finance and Government Operations Committee amended the bill to be a **Capital Project Replacement Plan**
- Hearing at the end of April in House Capital Investment Committee amended the bill to only require an additional piece of information during the application process outlining a plan for maintenance and preservation of the project, an ideal outcome
- **Only required for projects under Chapter 16A** that are seeking inclusion in the governor's capital budget recommendations, wouldn't apply to statewide grant programs
- This is where it currently stands, but language was not included in the final bill

Global Budget Agreement Committee Targets
General Fund Net Targets

Melvin Hostman
Ricky
Alvin Smith

5/14/2025

\$ in thousands

House/Sen/Gov Agreement

	FY 2025-27	FY2028-29
1 Net Targets		
2 Areas Within Omnibus Bills		
3 K-12 Education	-	(420,000)
4 Health and Human Services	(97,680)	(297,878)
5 Health	20,000	(70,000)
6 HCAF Balance Financing	(115,000)	(120,000)
7 Provider Tax Gross Revenue Definition & HCAF Financing	(23,900)	(30,100)
8 Other DHS	38,000	42,000
9 NEMT	(22,780)	(104,778)
10 Children and Families	6,000	(15,000)
11 Human Services	(270,000)	(820,000)
12 Higher Education	22,000	4,500
13 Agriculture, Broadband and Rural Development	9,000	3,000
14 Housing and Homelessness Prevention	15,000	3,800
15 Environment, Climate, and Legacy	(6,500)	2,500
16 Energy, Utilities, Environment & Climate	(4,000)	(4,000)
17 Commerce and Consumer Protection	(3,000)	(12,000)
18 Workforce, Labor, and Economic Development	(28,000)	(38,800)
19 Jobs and Economic Development	(30,000)	(40,000)
20 Labor	2,000	1,200
21 State Government	45,000	50,000
22 Veterans and Military Affairs	50,508	54,538
23 Elections	(1,064)	106
24 Transportation	(115,000)	(133,000)
25 Judiciary and Public Safety	107,423	112,079
26 Judiciary	19,163	54,822
27 Public Safety	88,260	57,257
28 Debt Service and Capital Projects	(10,907)	(168,028)
29 Taxes and Local Aids	(118,000)	(190,000)
30		
31 Other Items		
32 Pensions	80,000	80,000
33 Executive Branch Carryforward	30,000	15,000
34 Lead Lines	3,000	-
35 Other Items	9,164	(47,400)
36 Total GF Impact	(283,056)	(1,805,583)
37		
38 Remaining balance excluding inflation	1,884,138	(290,472)
39 Structural balance excluding inflation	-	(2,174,610)
40 Percent reduction in structural imbalance		45%

Global Budget Targets

- After the House and Senate both passed their version of the transportation bill, conferees were named
- Senate: Dibble, Johnson Stewart, Jasinski, Carlson, Clark
- House: Koznick, Olson, Koegel, Tabke
- The Conference committee met several times to discuss policy provisions, but there was little work they could do until global budget targets were released on May 15
- Transportation's global budget targets included a -\$115 million target in FY2026-27 and -\$133 million target in FY028-29
- Conferees met briefly on the day budget targets were released but only to announce plans to finish a spreadsheet by the next day... which did not happen





End of Regular Session

Omnibus bills passed by 5/19

- Agriculture
- Cannabis
- Housing
- Human Services Policy
- Judiciary and Public Safety
- Legacy
- Pensions
- Veterans and Military Affairs
- State & local Gov and Elections

Omnibus bills NOT passed by 5/19

- **Transportation**
- **Capital investment**
- E-12 Education
- Environment
- Energy
- Higher Education
- Human Services Finance
- Taxes



County Commissioners, county staff, and other transportation stakeholders attend the Friday, June 6 Transportation Working Group meeting.

Copyright Minnesota House of Representatives. Photo by Michele Jokinen.

Transportation Working Group Signed Agreement – HF14 PASSED



FINANCE PROVISIONS

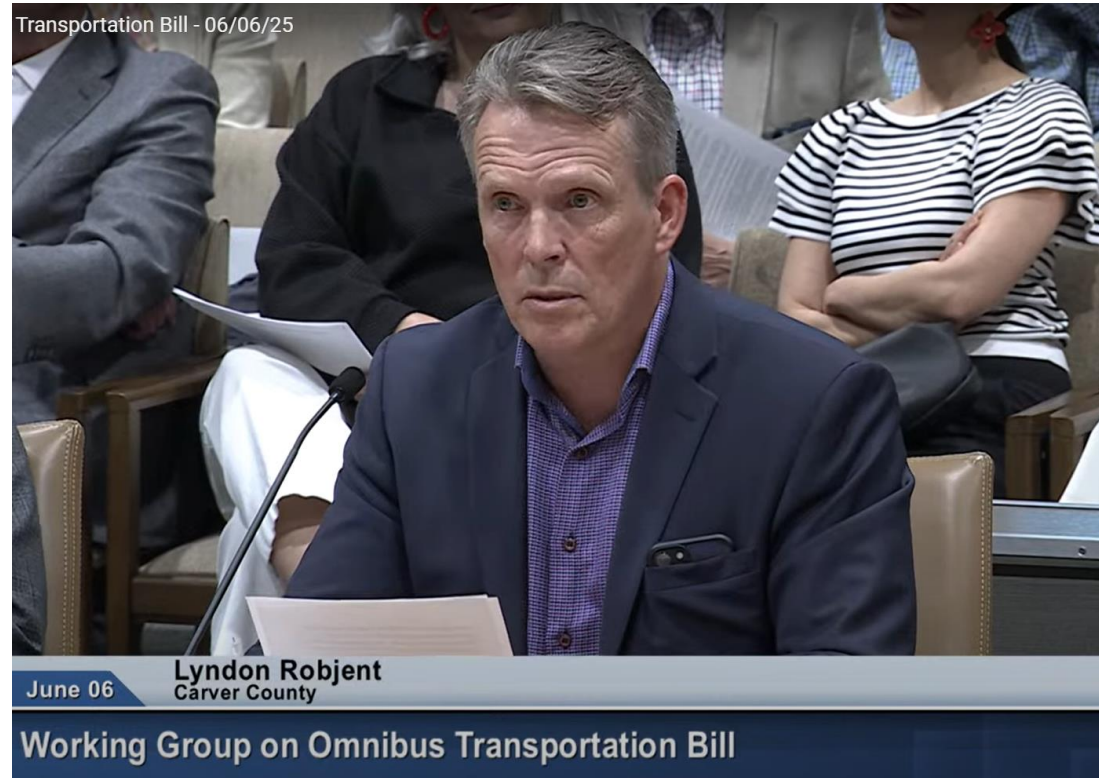
- Auto parts sales tax – the agreement includes a similar provision to what was proposed in the Senate, with a temporary reduction of the % of auto parts sales tax revenue going from GF to HUTDF.
- The Senate proposed a temporary two-year reduction, but the agreement language is a temporary reduction over eight years that bounces back to 43.5% in FY34
 - HUTD percentages are: 43.0% (FY 26); 41.0% (FY 27); 36.0% (FY 28); 30.0% (FY 29); 36.0% (FY 30-33); phase-in to 43.5% (over FY 34-37)
- \$3 million GF to BWSR for the Local Government Road Wetland Replacement Program
- All Electric Vehicle surcharge increase included – MSRP-based surcharge
- Plug-in Hybrid Electric Vehicle surcharge included – MSRP based surcharge
- **CSAH: NET HUTDF Changes = +\$3.830 million** FY2026-27, **-\$8.656 million** FY2028-29

Transportation Working Group Signed Agreement – HF14



FINANCE PROVISIONS

- **NEW:** ~~Reallocates half of the metro regional sales tax revenue going to metro counties (17% down to 8.5%) to Met Council for BRT build-out, broadens uses of remaining 8.5% county funds – REMOVED~~
- **NEW:** Imposes a per-kilowatt hour fee on public EV charging stations and directs a working group



MCEA President and Carver County Engineer Lyndon Robjent testifies before the Transportation Working Group on June 6

Transportation Working Group Signed Agreement – HF14



POLICY PROVISIONS

- GHG assessment implementation – only includes offset additions related to land & natural systems (House proposals to eliminate the project-by-project assessment and delay the portfolio assessment by one year NOT included)
- Farm products special permit – temporarily allows crude soybean oil to be transported on limited routes under a special overweight vehicle permit for farm products
- Consolidated local transportation financials reporting for metro counties
- Modifies and delays authorization for motorcycle lane filtering and lane splitting
- MnDOT cost participation policy – includes Senate language to continue current process with updated cost participation policy between the department and local units of government by March 2026

Transportation Working Group Signed Agreement – HF14



POLICY PROVISIONS NOT INCLUDED

- Repeal of the State Aid Design Standards and incorporation of the Facility Design Guide
- Mitigating transportation project impacts on businesses
- Changes to the definition of highway purposes
- Transportation projects activity portal
- Investment of money – directs local units of government to use interest or investment income resulting from transportation funding *only* for transportation purposes
- Reallocation of black out special plate revenue
- Accident reporting
- Speed limit on Steele County CSAH 12
- Speed limit on Beltrami County CSAH 20
- Resilient pavement program

Capital Investment Working Group Signed Agreement – HF18 PASSED



\$700 million General Obligation Bonding Bill

Mostly asset preservation and infrastructure projects

- \$11 million for the Major Local Bridge Program
- \$20 million for the Local Bridge Replacement Program
- \$42 million for the Local Road Improvement Program
- \$5 million for township roads
- \$5 million for the Local Road Wetland Replacement Program
- No local projects
- No capital project replacement fund/plan language included

\$6.5 million General Fund Cash Bill

Special Session Starts
Monday June 9...



...Ends early June 10



Special Session Bills Passed

SUBJECT	HF	SF	HOUSE STATUS	Y	N	TIME	DATE	SENATE STATUS	Y	N	TIME	DATE
Undocumented Health Insurance	HF1	SF8	PASSED	68	65	2:05 PM	9-Jun	PASSED	37	30	4:47 PM	9-Jun
HHS	HF2	SF6	PASSED	73	58	3:23 PM	9-Jun	PASSED	34	33	5:53 PM	9-Jun
Human Services	HF3	SF7	PASSED	96	37	4:50 PM	9-Jun	PASSED	35	32	9:24 PM	9-Jun
Commerce	HF4	SF4	PASSED	112	19	3:43 PM	9-Jun	PASSED	48	18	6:42 PM	9-Jun
E12	HF5	SF5	PASSED	97	36	6:22 PM	9-Jun	PASSED	35	32	10:59 PM	9-Jun
Higher Ed	HF6	SF1	PASSED	95	36	7:43 PM	9-Jun	PASSED	36	31	11:06 AM	9-Jun
Energy	HF7	SF2	PASSED	90	41	8:56 PM	9-Jun	PASSED	35	32	11:33 AM	9-Jun
Environment	HF8	SF3	PASSED	105	26	4:08 PM	9-Jun	PASSED	38	29	12:31 PM	9-Jun
Taxes	HF9	SF20	PASSED	93	39	10:23 PM	9-Jun	PASSED	34	32	1:06 AM	9-Jun
Technical Changes	HF10	SF9	PASSED	132	0	10:36 PM	9-Jun	PASSED	58	1	1:41 AM	10-Jun
Transportation	HF14	SF18	PASSED	78	55	5:32 PM	9-Jun	PASSED	35	32	9:06 PM	9-Jun
Workforce	HF15	SF17	PASSED	96	37	8:27 PM	9-Jun	PASSED	40	27	1:02 PM	9-Jun
Data Centers	HF16	SF19	PASSED	85	43	9:18 PM	9-Jun	PASSED	40	26	12:34 AM	10-Jun
Cash Bonding	HF17	SF22	PASSED	96	34	9:27 PM	9-Jun	PASSED	37	30	1:16 AM	10-Jun
GO Bonding	HF18	SF21	PASSED	116	15	9:38 PM	9-Jun	PASSED	57	10	1:38 AM	10-Jun

[A special session snapshot of the bills passed by both House and Senate with vote totals included]

Questions?

