



February 29, 2008

Legislature passes Safe Roads and Bridges Improvement Act

The Minnesota Senate and the House of Representatives took a major step in improving the safety of our state's roads and bridges. By overriding Governor Pawlenty's veto of the Safe Roads and Bridges Improvement Act, \$6.6 billion in new resources will be invested into our transportation system over the next 10 years. Along with providing the stable transportation funding necessary to keep our roads and bridges safe, this investment will create an estimated 33,000 jobs per year for the next five years.

After the collapse of the I-35W Bridge last August, bridge safety became a major concern of the public. A Trunk Highway Bridge Improvement Program is created to ensure that Minnesota's bridge repairs are prioritized according to safety. The bill requires the most unsafe bridges to be contracted for repair or replacement by 2018. The legislation also allocates \$600 million in the first two years to fix 13 fracture-critical trunk highway bridges.

A recent report issued by the Legislative Auditor found that the quality of Minnesota's roads has declined over the past five years and will continue to deteriorate without increased transportation resources. The Auditor stated that spending on preserving our existing infrastructure has decreased during this same time period. This lack of funds has rendered the Minnesota Department of Transportation unable to keep up with road maintenance. The Safe Roads and Bridges Act provides the steady transportation funds needed to allow the department to renew its focus on preserving our existing roads and bridges.

This bill, along with bolstering the economy and improving safety, provides tax relief. Since the mid-1990's, Minnesota property taxes have increased by over \$1 billion a year to fund local transportation projects. By increasing the state's investment in county highways and city streets, this legislation will help relieve the pressures on home and business owners. The law also establishes a \$25 low-income tax credit to offset the increase in the gas tax.

Funding mechanisms in the bill include:

- A five-cent gas tax increase.
- Counties in the metropolitan area, by board resolution, may form a joint powers agreement to levy a quarter-cent sales tax for transportation funding. Sales tax revenues will be dedicated to funding transit.
- Counties in Greater Minnesota, upon voter approval, may levy up to a half-cent sales tax for transportation projects.
- Vehicle registration tax caps are removed. The vehicle depreciation schedule is accelerated to reflect the true value of the vehicle.
- Revenues from the leased vehicle sales tax will be phased into funding transportation. After paying for the low-income tax credit, remaining revenues would be allocated 50% to Greater Minnesota transit and 50% to county state-aid highways.

- A \$1.8 billion bonding program is authorized. The bonding program provides \$500 million in each of the first two years. Of this amount, \$300 million each year will be dedicated to replacing fracture-critical trunk highway bridges, based on a system which identifies bridge- replacement needs.
- This bill provides \$50 million in bonds for local bridge replacement and \$10 million in bonds for local roads.

Judiciary Committee Hears I-35W Bridge Collapse Victim Compensation Bill

On February 19, as a member of the Senate Judiciary Committee, I heard the Bridge Collapse Victim Compensation Fund Bill. The bill establishes a compensation and settlement process for victims of the I-35W Bridge collapse.

The bill provides up to \$400,000 to compensate individuals who were on the bridge at the time of the collapse and family members of those who died during the collapse. The money can be used to cover lost income, pay medical expenses, and compensate for mental anguish accompanied by physical injury. To ensure a fair and impartial process, all settlement and compensation decisions will be made and administered by an independent third party legal panel – not the Legislature or the State Department of Administration.

This is an issue I have been paying close attention to due to its direct impact on victims and their families who reside in Fridley, Mounds View, Blaine and Spring Lake Park. The bill's next stop is the Senate Commerce and Consumer Protection Committee. A similar proposal has passed the House, and a final bill is expected to be passed by both houses and presented to the Governor by late March.

February Forecast Reveals Budget Deficit

Minnesota's Finance Commissioner announced on February 28 that the state's budget deficit for the remainder of the 2008-09 budget cycle is \$935 million. State Economist Tom Stinson said most of the deficit is caused by a floundering economy that has worsened since November because of falling home sales, high unemployment, and stagnant job growth.

The Senate is stressing the need for job-creating legislation to stimulate Minnesota's economy. The Transportation Bill will provide a significant economic boost, creating 33,000 new jobs a year over the next decade. We also will be focused on passing a comprehensive job-creating capital-investment package in the coming days. The bonding bill has the potential of adding more jobs and revitalizing local economies and public infrastructure throughout the state.

For the remainder of the legislative session, committees will be focused on finding ways to balance the budget while investing in long-term solutions to build Minnesota's economic future.

Bonding Bill Advancing in the Senate

After more than 300 meetings and site visits in every part of the state, the Senate Capital Investment Committee forwarded a proposal of investments. More than \$1 billion are proposed for investments in the state, and creation of thousands of jobs.

Key provisions in the bill, which will be heard in the Senate Finance Committee and by the full Senate next week, include \$134 million for the University of Minnesota, \$200 million for MnSCU, \$35.2 million for the Department of Education,

\$94.5 million for the Department of Natural Resources, \$132.6 million for the Met Council, and \$32.3 million for the Department of Corrections.

Among the high-profile projects included in the bill are Central Corridor light rail, the new arena initiatives in Duluth and Bemidji, land acquisition for expansion of the St. Cloud Airport, the new Bell Museum of Natural History in Falcon Heights, expansion of the National Volleyball Center in Rochester, critical maintenance of the State Capitol building, and preservation to the roof and parking lot of the National Sports Center in Blaine.

Cell Phone Users Bill of Rights Passes First Committee

Last week, the Energy, Utilities, Technology, and Communications Committee passed the Minnesota Wireless Consumer Protection Act. This legislation aims to establish a set of standards in Minnesota law to deal with the thousands of complaints the Attorney General's office receives each year from cell phone users.

This bill requires wireless companies to:

- Give customers a coverage map (both when they purchase cellular service and on the company's website) which accurately shows where customers will receive service and where users may need to pay roaming or additional charges.
- Provide a copy of the contract to the customer when they purchase cellular service.
- Clearly disclose the price of the cellular service being purchased, including the monthly or base charge, and any activation, roaming, long distance, overage or other fees which the customer will pay.
- Receive a separate acknowledgement stating that the consumer has been told of any early termination fee that applies if the service is terminated during a minimum time period.
- State in written materials that the price is not guaranteed to remain the same for the entire length of the contract if the contract allows the carrier to change the price of service.
- Specifically inform a customer if a purchase of a new good or service will extend their contract and the length of the extension and receive written consent to the contract extension.
- List government-mandated charges in a section separate from the wireless service charges of the consumer's wireless bill, along with a brief, easy-to-understand description of the charges.
- Not include charges for goods or services provided by a third party on a customer's cellular bill unless the company or third party has received expressed authorization from the customer prior to when the service was provided.
- Remove any third-party charges which occurred in the previous six months that are disputed by the customer from their bill if the company is unable to provide evidence that the customer authorized the charge within 14 days.

This bill does not regulate the rates charged by cellular companies. Such action can only be taken by the federal government.

Senate Committee Discusses Potential Northwest Airlines Merger

The Senate's Business, Industry and Jobs Committee held a hearing on February 25 to discuss the potential Northwest Airlines – Delta Air Lines merger. Committee members focused the meeting on Northwest's economic impact on

Minnesota, the state's previous financial support of the airline, and what penalties Northwest would face if it reduced its presence in Minnesota.

While no one from Northwest Airlines (NWA) testified at the hearing, the committee did hear from the Department of Employment and Economic Development (DEED) and the Metropolitan Airports Commission (MAC). DEED Commissioner Dan McElroy told members that NWA's economic impact in Minnesota is estimated to be between \$3.5 billion and \$4 billion, or about 1.4% of the state's economy. The airline currently employs over 13,000 workers in Minnesota.

Commissioner McElroy speculated that the workers most at risk in a merger would be the 1,000 employees working in management, marketing, and finance at the company's Eagan headquarters. McElroy told members that the overall economic impact of losing those jobs would be nearly \$300 million.

Both Commissioner McElroy and representatives from the MAC presented to the committee a history of the state's financial assistance to NWA, as well as a detailed list of the financial penalties Northwest would face if the airline breaks its commitments to the state. It is still unknown what effect the potential merger would have on NWA's employment levels in the state, or the airline's hub and headquarters in the Twin Cities.

The Northwest-Delta merger remains on hold, as the pilots' unions for the two airlines negotiate how to merge their seniority lists. Committee members indicated they would continue to monitor the situation, and are planning more hearings on the topic in the near future.