



2010 Legislative Session Summary

Associated General Contractors of Minnesota

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Budget Issues Dominate

In what seems like a never ending budget drama, lawmakers were consumed throughout the 2010 legislative session with the state's systemic and severe budget problems. Even as the Governor and lawmakers headed home from St. Paul declaring their work complete, there was still significant unfinished business because most of the difficult budget balancing work was simply pushed into 2011 and beyond.

Lawmakers began the session facing a \$994 million hole in the state's general fund finances for the current 2009-2010 biennium. As the session wore on, several specific actions were taken to reduce the deficit projection number through enactment of three separate pieces of legislation. The three bills chipped away at the \$994 million deficit by enacting various program funding cuts and implementing accounting and payment shifts into succeeding biennium. By the time the last two weeks of the session arrived, the budget deficit number appeared manageable enough to balance the books with expected forthcoming revenue from Washington tied to federal Medicaid program reimbursements.

Budget negotiations were completely turned upside down in the final week of the session when the Minnesota Supreme Court ruled Governor Pawlenty had exceeded his authority in resolving the 2009 budget deficit by executing a series of funding unallotment decisions. The ruling threw the Capitol into turmoil and cast serious doubt over the validity of some \$2.7 billion in cuts necessary to balance the state books in 2009. While the Governor urged lawmakers to accept and enact his earlier cuts, lawmakers searched for a more politically promising exit strategy. In the end, the Legislature succumbed to pragmatism and political realism, settling for compromise versus a public showdown with the Governor. Nearly all of the \$2.7 billion in 2009 cuts were re-enacted in exchange for an agreement from the Governor to allow federal Medicaid payments to be accepted by the state through execution of a Governor's Executive Order should those dollars become available later in the year.

Going forward, the state faces extremely difficult budget circumstances. Past budget agreements have simply deferred many structural budget issues into future biennium in the hope the economy and state revenues will recover. This year's agreement is no different. The budget can has been summarily kicked down the road into 2012 and 2013, where a projected \$5-6 billion structural deficit awaits the next Governor and Legislature! Clearly, the state is facing an unprecedented financial crisis and sits at a cross roads of conscience and culture. The 2010 elections will provide the best indication of how Minnesotans want their government to respond.

Capital Bonding Bill

(Chapter 189 - HF 2700)

Even numbered calendar years are historically reserved for capital budget investment considerations at the State Capitol. From the outset in January, lawmakers appeared intent on enacting a large scale bonding bill as a means to help jump start the state's sluggish job market and revitalize the economy. In the very first few days of the session, lawmakers passed separate versions of a bonding bill in each body, totaling nearly \$1 billion dollars. AGC was actively engaged in discussions encouraging lawmakers to enact a large scale bill, citing the precipitous drop-off in construction trades employment and the unprecedented value in the current competitive building marketplace.

Governor Pawlenty had proposed a more modest \$725 million bonding proposal. The Legislature passed a bill in early March totaling nearly \$1 billion, which included few of the Governor's priorities. After learning the Governor intended to veto the entire bill, the Legislature withheld delivery of the bill to the Governor and worked to re-develop the bill to include more of the Governor's priorities. When the final bill was presented to the Governor, it again totaled nearly \$1 billion. The Governor then executed an extensive list of line item vetoes and the bill was ultimately signed into law at the \$687 million level.

Highway & Transportation Bond/Funding Provisions: Of particular significance to transportation interests are two specific provisions contained in the bonding bill that will provide increased market opportunities: 1. \$66 million is authorized for local system bridge bonding; and 2. \$200 million of previously authorized Trunk Highway bonds are advanced from issuance in 2017-18 to 2011-12.

An additional TH bonding provision was included in other legislation that provides authorization for selling an additional \$100 million in bonds. The proceeds are to be allocated as \$70 million dedicated to interchanges and \$30 million for highway construction. These program dollars will be available in SFY 2011.

Line Item Vetoes: The Governor's veto message and a complete accounting of the line item vetoes are available at http://www.governor.state.mn.us/stellent/groups/public/documents/web_content/prod009905.pdf.

Bill Summary and Project Allotments: To read the bill summary and the actual list of projects and funding allotments included in the legislation, visit the following link:
<https://www.revisor.mn.gov/laws/?id=189&doctype=chapter&year=2010&type=0>.

Building Jobs Coalition Market Stimulus Initiative

(Chapter 216 – HF 2695)

AGC of Minnesota's number one legislative priority for 2010 was enactment of a building and construction jobs market stimulus initiative. The nationwide recession and crippling credit crisis has led to a precipitous drop in building construction activity and construction trade employment numbers. The massive 2009 federal stimulus package did little to impact the building construction markets. Following the Coalition's unsuccessful effort to pass legislation in 2009, state lawmakers and the Governor seemed more willing to actively address the state's ailing vertical construction job market early in the 2010 legislative session.

Positioned by lawmakers as an economic recovery and job creation bill, the initiative saw quick action and was signed into law in March. Among the bill's more prominent elements are provisions that will provide an investment credit for "angel" type venture capital investments; a refundable historic structure rehabilitation credit; compact development tax increment financing districts; expanded authority to temporarily use TIF for economic development; additional flexibility for the City of Bloomington to develop the Mall of America site; and other important market stimulus initiatives.



Bill Summary: A full summary of the legislation can be found at:
<http://www.house.leg.state.mn.us/hrd/bs/86/HF2695.html>

Bill Text: A copy of the bill text is available at:
<https://www.revisor.mn.gov/laws/?id=216&doctype=Chapter&type=0&year=2010>

Pilot Car Operator Certification

(Chapter 311 – SF 2756)

This piece of AGC inspired legislation was the product of the work of a multi-disciplinary steering committee that began meeting in 2008. The group of industry stakeholders, regulatory authorities, and service providers worked to develop a standardized template of best practice measures to be used and employed in the movement and escorting of over-dimensional loads within and across Minnesota. The legislation provides for all pilot and escort drivers operating in Minnesota escorting loads that require over dimensional permits to be properly trained and certified one year following enactment of the program rules. The Minnesota Department of Public Safety is charged with developing the program rules and is expected to adopt much of the work of the Steering Committee. The program training is anticipated to be modeled after the successful Minnesota State Patrol Commercial Vehicle Safety Inspection Program and is expected to be efficient, affordable and accessible.



The rulemaking process will begin in the summer/fall of 2010. A series of public meetings and opportunities to comment on proposed program requirements will be announced. Contractors and escort service providers are encouraged to be aware and engage in the development of the program rules.

Bill Text: A copy of the bill text can be viewed at:

<https://www.revisor.mn.gov/laws/?id=311&doctype=Chapter&type=0&year=2010>.

Bill Summary: A summary of the legislation is available at:

http://www.senate.leg.state.mn.us/departments/scr/billsumm/summary_display.php?ls=86&session=regular&body=Senate&billtype=SF&billnumber=2756&ss_year=2010.

Transportation Policy Bill

(Chapter 351 - SF 2540)

Lawmakers revived a failed 2009 Omnibus Transportation Policy bill by taking out some provisions objectionable to the Governor and including some new elements. Some major highlights of the legislation include:

- Changes to the state highway design-build procurement statutes to allow a short-listed proposer who submits a bid for a design-build highway contract to receive a proposal stipend in the event the proposal is deemed responsive in all other areas yet exceeds the project's maximum price cap. Also authorizes the Commissioner of Transportation to re-issue a RFP after rejecting all bids, and to allow only short-listed teams to resubmit proposals.
- Trunk Highway bridge projects must include bicycle and pedestrian accommodations if the bridge is located in a city or if it links walkways, paths, trails, or bikeways unless otherwise provided within one-quarter mile of the bridge.
- Mn/DOT is required to convene regular meetings of the Disadvantaged Business Enterprise (DBE) and Workforce Inclusion Collaborative to evaluate the various DBE and employment programs and recommend changes. A report must be submitted to the Legislature by February 1, 2011.



The legislation as introduced contained a requirement that would have compelled contractors to either achieve the project DBE goal or be issued a waiver/good faith effort certification as a condition of submitting a bid for the project. This element of the legislation was vigorously opposed because it circumvented the purpose and workings of the DBE and Workforce Collaborative. The legislation was ultimately modified to charge the Collaborative with identifying workable program changes and report findings back to the legislature.

- Mn/DOT is required to implement a Complete Streets policy after consulting with stakeholders and local governments and integrating context-sensitive design solutions.

- Mn/DOT is authorized to apply for and use alternative finance mechanisms available through federal programs, including the Transportation Infrastructure Finance and Innovation Act (TIFIA) in a pilot program for a single transportation project.
- Mn/DOT is required to report to members of the Transportation Committees regarding the potential value capture or public-private partnership options, which may include charging tolls, to be used in construction of a new St. Croix River Bridge.
- Directs the Commissioner of Transportation to develop specifications or standards on the design of roundabouts. The specifications must consider suitability of roundabout designs for commercial motor vehicles.

Bill Text: A copy of the bill language is available at:

<https://www.revisor.mn.gov/laws/?id=351&doctype=Chapter&type=0&year=2010>.

Bill Summary: A detailed summary of the legislation can be accessed at:

http://www.senate.leg.state.mn.us/departments/scr/billsumm/summary_display.php?ls=86&session=regular&body=Senate&billtype=SF&billnumber=2540&ss_year=2010.

2010 Elections to Bring Change

The forthcoming November elections will bring about dramatic change to the state's political, policy and financial landscape. The elections themselves will also have a different feel and impact on the societal conscience. First and foremost is the change to the state's primary election cycle that is now moved up to August 10. With three Democrats and two independents vying for a spot to carry the party banner on the November ballot, the primary election will almost certainly grab early public attention.

The marketing of candidates and issues will also be changing. The recent Federal Supreme Court ruling now allows corporations to more easily and directly spend corporate dollars on candidates and public policy issues in the election cycle. Look for the airwaves to be bombarded with a host of ads that promote or demean candidates and their various stands on issues and concerns. The pending infusion of corporate cash into the election is the wild card factor that could be the most visible and influential aspect of the 2010 elections.

Legislative Retirements

The makeup of the 2011 legislature will change significantly. A host of familiar faces, with long pedigrees of experience, have announced their retirements. Some 21 House and Senate members (more than 10 percent of the entire 201 member legislature) will not be seeking reelection, leaving open seats that could become competitive and targets for party turnover. The Democrats currently hold large majorities in both legislative bodies. Republicans have fielded candidates in each of the 201 legislative districts for the first time in years and look to provide a formidable challenge. Additionally, it remains to be seen if the national Tea Party movement of less government and more personal freedoms can gain voter traction and influence election outcomes.

Gubernatorial Election

For the first time in eight years, Minnesotans will elect a new Governor in November. A Democrat has not held the Governor's office in 20 years. Three experienced candidates will face off in the primary to decide the Democrat standard bearer. Two former Speakers of the House - Matt Entenza and Margaret Anderson Kelliher - and former United States Senator Mark Dayton are all vying to be the Democrat appearing on the general election ballot. Republicans are united behind a single candidate in state legislator Tom Emmer. Emmer is a widely unknown conservative firebrand from Delano who brings enthusiasm and new ideas to the campaign discourse. The Independence Party also has a contested primary. The endorsed candidate is public relations executive Tom Horner, who is being challenged by political newcomer Rob Hann.

Candidates Forum

After the Primary Election on August 10 has thinned the field, AGC of Minnesota will be co-sponsoring a Gubernatorial Candidates Forum/Debate on Wednesday, August 25, from 8:30AM – 10:00AM. The Forum is being co-hosted by over 25 building, construction, and development trade associations and will be held at the Northland Inn and Conference Center in Brooklyn Park. Star Tribune political reporter and commentator Laurie Sturdevant will be the program moderator. Although there will be no charge for attendees who belong to one of the sponsoring organizations, pre-registration will be required. Look for further details in the AGC Weekly Update.