

To: Chair Benson and Committee Members
Fr: IGR Staff
Re: Update

Federal Legislation: Overview The Congress is now in recess. They will convene in early December and hope to complete its work by Christmas. Prior to the recess the transportation, and justice appropriations were passed and sent to the President. The Labor and Human Resource, and Defense appropriations, however, have not passed. After the recess, the Congress will attempt to complete work on the two bills as well as considering budget and tax reconciliation bills. The House and Senate are approximately \$15.0 billion apart on the budget reconciliation bill.

Congress has completed work on all other appropriation bills including the transportation bill. The transportation bill includes appropriations for the Departments of Transportation, Treasury, and Housing and Urban Development. The bill provides \$133.5 billion in funding or \$5.7 billion (4%) more than the FY 2005 level. The final bill is, however, less than both the House and Senate bills.

Transportation: The bill increases the appropriation by \$954 million or 2% more than the current appropriation and 4% more than requested by the Administration. Mass transit funding was increased by \$944 million or 12% higher than the current fiscal year. In addition to the agency appropriations, the bill does contain several projects. The city's federal representatives note that the number of and amount of funding for the projects is significantly lower than prior years.

Despite the reduced number of projects, Congressman Sabo and the Minnesota delegation were able to obtain funding for approximately 20 projects throughout the state. These projects are in addition to those recently approved by the reauthorization of the transportation act. Projects located in the City of Minneapolis follows:

Located in the City of Minneapolis

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|---|---------------|
| I-35 W BRT 46th Street Station | \$1.0 million |
| Midtown Greenway(29 th St. Mississippi River Crossing) | 1.5 |
| Central Corridor | 2.0 |
| North Star | 2.0 |
| Northwest Bus Way | 1.0 |
| Hennepin Community Works | 0.5 |

The bill also funded the Cedar Avenue Bus Rapid Transit for \$750,000 and a pedestrian bridge in St. Louis Park for \$800,000.

Housing and Urban Development (HUD). The bill approved \$38.2 billion for HUD. The appropriation represents a 6% increase over existing funding levels. The Community Development Block Grant (CDBG) remains with HUD and will not be transferred to the Commerce Department as was proposed by the Administration. The CDBG appropriation however is \$3.7 billion or approximately 8% less than the current level.

The empowerment zones despite efforts by Rep. Sabo and Senators Coleman and Dayton to retain funding was not funded.

The section 8 program has two accounts – tenant based rental assistance and project based assistance. The tenant program received a 4% increase but the request was \$272.0 million below the request. The project based account was appropriated \$5.1 billion or 4% (\$210.0 million) below the current level.

The final bill also includes \$100.0 million for the HOPE VI program or \$43.0 million below the current year appropriation. It should be noted that the Administration proposed to not fund the program.

The Minneapolis projects funded in the bill are:

- \$200,000 – Hmong American Mutual Assistance Association to complete the Association’s community center.
- \$500,000 - Minneapolis American Indian Center for facilities renovation.
- \$275,000 – Northside Residents Redevelopment Council for construction of mixed-use facilities

The legislation also includes language that prohibits the use of funds appropriated by the bill to support projects that use eminent domain to acquire property for private development.

Federal Agenda: Summary. The City’s federal agenda requested funding for several projects and advocated the continuation or modification of several programs. To date the Congress has completed work on all but two appropriations bills and the reconciliation bills. A summary of Congressional actions follows:

- **CDBG Program.** The City supported the continuation of the program and opposed the Administration’s proposal to transfer the program from HUD to the Department of Commerce. Congress continued the program but funded below current levels.
- **Housing Programs.** Most low and moderate income programs were funded for the next fiscal year at levels approximating current levels.
- **Homeland Security.** The city advocated a homeland security block grant program. Congress did not establish a block grant but modifications to the current homeland security grant program should be helpful to the city.
- **Projects.** In addition to the projects listed in the transportation and HUD sections above, Congress approved \$1.5 million for the combined sewer overflow project, and \$3.0 million for the Cedar Lake Trail. As part of the transportation reauthorization bill Congress also

provided additional funding for the Tier I metropolitan area projects and established a pilot project for non-motorized transportation. The latter project includes Minneapolis as one of the four pilot sites.

A more complete summary will be sent to you once Congress adjourns.

Federal Policy Issues. During 2006 Congress will debate eminent domain and telecommunications policies. The House has passed an eminent domain bill. The Senate has not passed a bill but expects to work on the bill in 2006. In addition, the state legislature will also consider several eminent domain bills. A copy of the House passed bill compared to a draft legislative bill offered by the Minnesota Automobile dealers and other groups is attached.

Telecommunications policy will be discussed in both Washington and St. Paul. Federal and state legislation being offered by the telecommunications industry attempts to curb public authority to regulate the industry. A summary of the proposed legislation is being prepared.