



2022 TRANSPORTATION LEGISLATIVE AGENDA

Minnesota's transportation system forms the backbone of the state's economy, allowing for the movement of people and products throughout the state and beyond. The Minnesota Transportation Alliance works for the resources necessary to improve the safety and effectiveness of all modes of transportation.

The funding gap for all modes of transportation continues to be a major problem leading to increased safety hazards, growing congestion, missed economic and job opportunities, damaged roads, deficient bridges and increased social costs as people struggle to get where they need to go with inadequate transit options.

Huge gap between funding needed and funding available:

- \$900M per year State Trunk Highway System
- \$900M per year Local System
- \$300M per year Metropolitan Transit
- \$40M per year Greater MN Transit
- Over \$2 Billion per year!

Increased investments in transportation are critical to:

- Reduce fatalities and injuries on the transportation system;
- Build a stronger, more resilient transportation system that can withstand flooding and extreme weather;
- Create jobs and boost economic activity and development;
- Allow people to live in their own homes and access critical medical services, jobs, education, food and needed supplies;
- Support the manufacturing, agriculture, mining, tourism and other industries.

Investing for the future of Minnesota

- Freight movement and demand on the transportation system will grow. In 2012, one billion tons of freight moved over Minnesota's transportation system, and by 2040 that volume is expected to rise to 1.8 billion tons – an increase of 80 percent overall. In 2012, trucks carried 63 percent of all freight tonnage.
- New technology will impact how people travel and the types of fuel used which will require changes in revenue collection options.

Since 1893

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State Bonding

Bonding continues to play a critical role in meeting the ongoing funding shortfall to maintain and improve critical transportation infrastructure.

The Minnesota Transportation Alliance recommends the inclusion of funding in the 2022 capital bonding bill of at least these amounts:

- Local Bridge Replacement Program \$200 million
 - Local Road Improvement Program \$150 million
 - Local Road Wetland Replacement Program \$14 million GO bonds and \$6 million GF
 - Bus Rapid Transit/Busway Capital Improvements \$100 million
 - Greater MN Transit Capital \$5 million
 - Port Development Assistance Program \$28 million
 - Minnesota Rail Service Improvement Program \$10 million
 - Highway Railroad Grade Crossing Devices \$18 million
 - Safe Routes to School \$2 million
 - Active Transportation \$7 million GO bonds, \$1 million GF
- Federal Infrastructure Investment and Jobs Act (IIJA) - Enactment of the federal infrastructure plan will provide a significant increase in funding for roads, bridges and transit systems in Minnesota.

Total over 5 Years

\$4.5 billion for federal-aid highway apportioned programs

\$302 million for bridge replacement and repairs

\$820 million for transit statewide

\$ 68 million to support the expansion of an EV charging network in the state

Minnesota will also be able to compete for additional federal funds through discretionary grant programs. **The increase in formula funds with a local match requirement, along with the need for a strong local match to effectively compete for federal grant dollars requires additional ongoing, dedicated funding in order for Minnesota projects and programs to access increased federal funds.**

*Ongoing, dedicated funding is needed to address ongoing funding shortfalls and ensure that Minnesota can effectively compete for federal funds. Some federal programs fund projects that include a 50% local match in order to be competitive. To provide needed annual local match funds, The Transportation Alliance recommends these options:

New State Revenue

- Increase the motor fuel excise tax of 25 cents per gallon by 5 cents per gallon. The US average for state taxes and fees on gasoline is 38.19 cents per gallon. Increase the debt service surcharge by 4 cents over 3 years to allow for additional trunk highway bond authorizations.
- Increase the motor vehicle registration tax by:
 - Increasing the rate from 1.25% to 1.375%
 - Slowing the depreciation schedule
 - Increasing the base fee from \$10 to \$45

- Increase the metropolitan area sales tax for transit
- Increase the motor vehicle sales tax rate from 6.5% to 6.875% and increase the MVST for Suburban Transit from 4.3% to 5%.
- Increase the annual electric vehicle fee from \$75 to \$150.
- Implement a fee on Transportation Network Companies with revenue dedicated to transit systems.

Dedication of Current Transportation Revenue (*Only with increase in revenue into HUTDF)

- Convert the current dedication of \$145.6 million per year in revenue from the sales tax on auto repair parts to dedicate 100% of the total revenue collected to the Highway User Tax Distribution Fund.
- Change the distribution of the statutorily dedicated revenue from the sales tax on leased motor vehicles (MVLST) to:
 - 40% - Greater Minnesota Transit
 - 50% - 7 Metro Counties (No reduction in funding from current law for any county)
 - 10% - Transportation Fund for local bridges
- Distribute revenue from the statutorily dedicated sales tax on rental vehicles (9.2%):
 - \$21 million to the Small Cities Assistance Account
 - \$10 million to Greater Minnesota Transit
- Distribute revenue from the statutorily dedicated sales tax on rental vehicles (6.5%) to the Township Road and Bridge Fund
- Dedicate \$30 million per year from the Trunk Highway Fund for the Transportation Economic Development Program (TED).
- Corridors of Commerce - \$200 million in Trunk Highway Bonds with additional revenue into the Trunk Highway Fund to meet more of the need for improvements in corridors with high freight traffic.
- Establish Base Funding for the Local Road Wetland Replacement Program (LRWRP).

Efficiencies/Tax Reform

- Fund MnDOT and DPS Trunk Highway Fund expenditures not related to a Highway Purpose from the state general fund.
- Support early acquisition of rights-of-way for transportation projects. Adequately fund the Right of Way Acquisition Loan Fund (RALF).
- Eliminate payment of state sales tax on purchases for transportation projects for MnDOT, transit agencies and local units of government, including joint powers boards.
- Eliminate some of the exemptions to payment of the motor vehicle sales tax.
- Expand the transit taxing district to encompass the entire seven county metropolitan area if additional operating dollars are allocated to provide additional service. Remove restrictions on the use of regional property tax dollars collected by the Metropolitan Council for transit.

Local Options

- Authorize cities to create Street Improvement Districts.
- Authorize a municipal local option sales tax for transportation that is similar to the county local option sales tax for transportation.
- With an increase in revenue into the Trunk Highway Fund, revise the local cost participation policy to reduce the burden on local governments for contributing to state highway projects.

Policy Issues

- 1) Support legislation to improve the transportation project delivery process, including the permitting process in order to speed up the completion of projects and reduce costs. The Legislature should

require state water and wetland-permitting agencies to implement recommendations to streamline the water and wetland permitting process.

- 2) Support the constitutional dedication to the Highway User Tax Distribution Fund of any revenue from a mileage-based user fee.
- 3) Support the incorporation of policies designed to improve the resiliency of the transportation system as the risk of flash floods, extreme flooding, slope erosion and winter precipitation and freeze/thaw cycles are projected to increase in the future. Support MnDOT's work in completing a vulnerability assessment and incorporating resilience considerations into design guidelines and asset management.
- 4) Support the use of Public Private Partnerships (P3s) for transportation projects that are in the public interest and supported by local governments. Processes should be established for managing P3 projects including the management of unsolicited proposals.
- 5) Monitor legislation related to autonomous and connected vehicle technology as well as the results of MnDOT's testing of an autonomous bus. Support funding for infrastructure improvements that will allow the state to take advantage of new technology that will improve safety and mobility.
- 6) Support ongoing efforts to improve the transparency of decision making at MnDOT and the Metropolitan Council including the project selection process.
- 7) Support the current process for determining speed limits on state and county highways.
- 8) Monitor legislation related to the governance structure of the Metropolitan Council.
- 10) Road and bridge weight issues – Support the prohibition of any weight limit exemptions except during harvest and support the ability of counties to establish load restrictions on their county road systems. Support eliminating the implements of husbandry exemptions and support civil penalties for excess weight. Support eliminating the liability exemption for damage caused by non-weight related unlawful operation on public highway bridges. Oppose efforts to remove local permitting authority.
- 11) Support full state funding, from non-transportation funding sources, for mitigation of wetland impact from county and municipal highway projects.
- 12) Oppose increased funding out of the Highway Trust Fund for recreational trails or other non-highway purposes and support a comprehensive study of diversions of revenue from the Trunk Highway Fund.
- 13) In the event of a state government shutdown, state permits issued for local road, bridge and airport projects should remain in effect with local governments responsible for meeting all legal requirements of the permits. Additional costs incurred by contractors and vendors related to a government shutdown should be paid out of the state general fund.
- 14) Support electronic and photo monitoring on roadways and in work zones for data collection, traffic planning, driver education, and enforcement as a means of reducing road wear, crashes and injuries.
- 15) Review possible opportunities to increase safety in work zones including speed enforcement activities, changing MnDOT traffic control unit pricing in a low bid environment and public education.
- 16) Refine the eminent domain process to reduce costs with constitutionally dedicated tax dollars, including a requirement that owners provide their appraisal 45 days before the condemnation commissioners' hearing, and the acquiring entity provides a revised acquisition offer within 30 days of receipt of the owner's appraisal.