



2026 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.

Thanks to major funding legislation passed during the 2023 session, the funding gap for all modes of transportation has been reduced and new, dedicated funding will allow for better planning with stable funding.

MnDOT is projecting a funding need of \$57 billion between 2023 and 2042. With available funding of \$36.7 billion, that leaves a gap of at least \$20.3 billion over the next 20 years. In addition, local governments have identified an additional \$5 billion in funding needs on the trunk highway system. The local road and bridge system has a funding gap of approximately \$1 billion per year.

For 2026, the Transportation Alliance is committed to supporting passage of a significant capital bonding bill with funding for transportation programs and projects. Our members are also committed to retaining the gains made in 2023 to ensure ongoing, dedicated funding increases.

Capital Bonding Needs in Transportation

- Local Bridge Replacement Program - \$160 million - \$200 million (GO bonds)
- Local Road Improvement Program - \$150 million - \$200 million (GO bonds); (\$4.5M cash)
- Local Road Wetland Replacement Program - \$18.5 million GO bonds and \$16.5 million GF (Base funding should be included in the biennial state budget for this program)
- Corridors of Commerce - \$400 million (Trunk Highway Bonds)
- Bus Rapid Transit/Busway Capital Improvements - \$75 million (GO Bonds)
- Greater MN Transit Capital - \$10 million (GO Bonds)
- Port Development Assistance Program - \$45 million (GO Bonds)
- Minnesota Rail Service Improvement Program - \$20 million (GO Bonds)
- Highway Railroad Grade Crossing Devices - \$10 million (GO Bonds)
- Safe Routes to School - \$10 million (GO Bonds)
- Electric Vehicle Infrastructure Program - \$5 million (GF)

Additional Funding Options

- For the Road Maintenance fee or retail delivery fee - remove the \$100 price threshold, over which, orders are exempted from the fee.
- Accelerate the full dedication of the revenue from the sales tax on auto repair parts so that all of the revenue is fully dedicated as quickly as possible.
- Explore innovative funding options including appropriate EV and hybrid fees as well as a Road User Charge that will compensate for reduced revenue from the fuel tax in the future.
- Continue providing funds to match federal transportation and infrastructure dollars and to allow Minnesota to compete effectively for discretionary grant funds.
- Continue funding from the Trunk Highway Fund for the Corridors of Commerce program and the Transportation Economic Development (TED) program.

Local Options

- Modify the current language authorizing counties to impose a wheelage tax to allow levies up to \$35 per year to account for the loss of purchasing power due to inflation.
- 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.

Efficiencies/Tax Reform

- Fund MnDOT and DPS Trunk Highway Fund expenditures not related to a Highway Purpose from the state general fund.
- 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.

Policy Issues

- 1) Include funding in Trunk Highway Corridor Projects Account to assist local governments with the local share of trunk highway projects to ensure that projects are not delayed. Support flexibility in the application of MnDOT's local cost participation policy in the face of unique circumstances. As MnDOT updates the local cost participation policy, ensure that the burden on local governments is not increased and that the state recognizes the level of local funding that is supporting state trunk highway improvements.
- 2) Monitor the use of state funds set aside to match federal transportation formula funds and discretionary grants and ensure that sufficient state dollars are made available to leverage federal funds. Ensure that sufficient state dollars are available to meet the need for technical assistance for local governments applying for federal funds.
- 3) Support work to develop effective evaluation tools to assess the impact of greenhouse gas emissions impacts due to transportation projects in order to implement the assessment requirement. Safety improvement projects designed to reduce fatalities and crashes should be exempt and consideration should be given to additional funding for costs related to mitigation measures, including funding from the general fund for the existing Transportation Impact Assessment and Mitigation Account rather than trunk highway funds. These assessments should continue to be limited to the trunk highway system.
- 4) Limit state requirements on how local governments manage local assets through legislation mandating local funds be identified or set aside for maintenance or replacement of projects funded with state direct appropriations. Allow local governments final decision making on how local funds are spent on transportation infrastructure and operations.
- 5) Review opportunities to increase safety in work zones as MnDOT implements pilot projects on speed enforcement activities. Consider changes to MnDOT traffic control unit pricing in a low bid environment.
- 6) Support the constitutional dedication to the Highway User Tax Distribution Fund of any revenue from a mileage-based user fee. Support the retention of the current statutory distribution of the revenue from MVST with 60% to the HUTDF and 40% for transit.
- 7) 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 Resilience Improvement Plan and incorporating resilience considerations into design guidelines and asset management.
- 8) Unless funding requests from the Board of Soil and Water Resources (BWSR) for the Local Government Road Wetland Replacement Program are fully funded, support the adoption of a 1:1 wetland replacement ratio for transportation projects.

- 9) Support policies that accommodate new technology including autonomous and connected vehicle technology in Minnesota. Support funding for infrastructure improvements that will allow the state to take advantage of new technology that will improve safety and mobility.
- 10) Support maintaining the current distribution formulas and definitions within the highway user tax distribution fund (HUTDF), the Motor Vehicle Leased Sales Tax (MVLST), Sales Tax on Motor Vehicle Parts, Transportation Advancement Account (TAA), and Metro Area Sales Tax for Transportation. These formulas were carefully negotiated (and in the case of the MVLST, reaffirmed) as part of the 2023 Transportation Funding Bill. A clear and consistent definition of highway purposes allows for cost-effective planning for transportation projects.
- 11) Support a mandatory electronic positive response system to the 811 Center to reduce damages to underground facilities, improve worker safety and project timelines, and more efficiently use transportation funding resources.
- 12) Support legislation that simplifies the process by which local governments and nonprofits receive the sales tax exemption on construction material purchases.
- 13) Support the current process for determining speed limits on state and county highways.
- 14) Road and bridge weight issues – Support the prohibition of any weight limit exemptions except during harvest and support the ability of counties, cities and townships to establish load restrictions on their 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.
- 15) Support full state funding, from non-transportation funding sources, for mitigation of wetland impact from county and municipal highway projects.
- 16) 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.