

Budget for One Minnesota



COMPREHENSIVE, DEPENDABLE TRANSPORTATION FUNDING

Minnesota’s transportation system is aging and struggling to keep up with the demands of our growing population. Pavement deterioration is a serious risk facing MnDOT’s state highway system – more than half of its pavements were constructed 50 or more years ago. Additionally, approximately 35 percent of MnDOT’s bridges are more than 50 years old. Like state highway pavements, aging bridges require more costly improvements to be maintained in serviceable condition.

MnDOT projects that in order to simply operate and maintain our current roads and bridges, the state will need \$18 billion over the next 20 years above current revenues. In order to accomplish that goal, the Walz-Flanagan administration proposes a transformational funding package:

- Initiating a 20 cent gas tax increase (phased-in over two years) and indexing the gas tax to inflation (beginning in FY 2023) to raise approximately \$6.5 billion over 10 years
- Increasing the registration tax (increased tax rate from 1.25 percent to 1.5 percent and base tax fee from \$10 to \$45; change the depreciation schedule) to raise approximately \$4 billion over ten years
- Increasing the motor vehicle sales tax from 6.5 percent to 6.875 percent to raise approximately \$300 million for roads and bridges over ten years, with additional funds raised for transit purposes
- Authorizing \$2 billion in trunk highway bonds over 8 years starting in 2022
- To help lower- and middle-income Minnesotans pay for transportation investments, the governor proposes an increase to the Working Family Credit of \$100 for each single or head of household recipient and \$200 for each married filing jointly recipient.

With the funding gap eliminated, Minnesotans will be better able to move to and from work, connect with other parts of the state and beyond and be able to depend on a smooth and reliable movement of goods and services. Minnesota has a strong and vibrant multi-modal transportation system that is vital to the state’s economy as well as its community prosperity. It will provide sustainable, dedicated funding with growth that will propel our economy. It will provide better access to reliable transportation of all types and throughout the state.

This proposal also supports jobs, providing new funds for construction projects that will employ thousands of construction workers and engineers in good paying jobs for years to come. This more efficient, modernized transportation system will help ensure the competitiveness of Minnesota businesses and workers, creating a system ready for the significant changes on the horizon for transportation.

MODERNIZATION



Replacing aging infrastructure

Gov. Walz's budget will modernize Minnesota's transportation system, repairing and replacing aging infrastructure and using materials and processes that will provide a longer, more useful life. More than 50 percent of Minnesota state roadways are 50 years old or older and 40 percent of state bridges are in the same age range. This proposal will allow Minnesota to replace the aging infrastructure with modern materials and designs that will provide a longer life.

LONG-TERM DEPENDABILITY



Dedicated, sustainable funding specifically for transportation

Gov. Walz's budget will ensure the long-term dependability of transportation funding by dedicating new revenue specifically to transportation and redirecting over \$450 million in general fund spending for the biennium to other budget needs outside of transportation, such as education and health care. Those are priorities that the general fund is intended to address.

This budget will ensure the reliability and future growth of transportation funding. Historically, in times of budget deficits, general funds have been pulled from transportation uses to address other needs. Dedicated funding will ensure that transportation has what it needs to continue to support Minnesota's economy.

SUPPORT FOR LOCAL ROAD SYSTEMS



More funds to townships, cities and counties

Gov. Walz's budget will address the long-standing need that county governments and city governments have for their transportation needs. Most of the miles of roadway in the state are county roads and city streets which are used for daily trips to and from work. Our agriculture, manufacturing and service industries also rely greatly on local roads to move products and services. This proposal will increase state transportation funding for roads and bridges by as much as 35 percent to Minnesota counties and cities.

BUILD FOR THE FUTURE



Continuing work on connected and autonomous vehicles

This budget will strengthen Minnesota's ability to prepare for the future of connected, automated vehicles and smart transportation systems. This technology will provide Minnesotans with safer, more reliable transportation that will be available to more Minnesotans. As a state, we need to be prepared to manage and use this new wave of transportation to ensure that it will best serve the needs of all Minnesotans.