



May 3, 2021

Chair Scott Newman, Senator John Jasinski, Senator Jeff Howe, Senator David Osmek,
Senator Karla Bigham

Chair Frank Hornstein, Representative Erin Koegel, Representative Luke Frederick,
Representative Steve Elkins, Representative John Petersburg

RE: HF1684/SF1159 Omnibus Transportation Budget Bill

Thank you for the opportunity to provide comments on the Omnibus Transportation Budget bill. Transportation Alliance members, whether counties, cities, townships, transit systems or the highway industry, are all directly impacted by the funding levels and the policies contained in the two-year transportation budget.

As the state has faced unprecedented crises, we have all seen the importance and the impact of the transportation system to our economy and our quality of life. Whether it's getting essential workers to jobs, facilitating food deliveries, moving agricultural products or shipping needed products, the quality of Minnesota's transportation system continues to impact all Minnesotans every day and will shape the state's recovery from the pandemic.

At both the state and federal levels there is a recognition that investments in transportation infrastructure that improve safety and mobility will not only create needed jobs right now, but those improvements will benefit our businesses and residents for many years to come. Transportation funding needs to be a top priority for our state.

Unfortunately, our state highway system needs \$39 billion over the next 20 years but projected revenue is only \$21 billion, leaving an \$18 billion funding gap. Local road and bridge needs continue to grow, our communities need more access to better transit options and new technology investments are needed to create a smarter and more effective transportation system. Without additional funding, our aging transportation system will continue to deteriorate and our state will not be in a position to compete for federal funds and additional economic growth.

The Senate and House Transportation Committees have taken different approaches to increasing funding for transportation in the coming years. While neither version of the transportation budget bill provides the level of funding needed, we appreciate the efforts to raise new revenue and to dedicate additional general fund dollars to roads, bridges, transit and other modes. The Transportation Alliance supports all avenues to making the needed investments in our transportation infrastructure.

Since 1893

525 Park St., Ste. 240 ● Saint Paul, MN 55103 ● 651/659-0804 ● Fax 651/659-9009
Email: margaret@transportationalliance.com ● www.transportationalliance.com

The Transportation Alliance supports:

- The House provision that indexes the fuel tax to the national highway construction index.
- The Senate provision that changes the dedication of the sales tax on auto repair parts to 60% of the total revenue collected.
- The House changes to the depreciation schedule used in calculating the motor vehicle registration tax.
- Increasing the electric vehicle fee to more closely compensate for the loss of fuel tax revenue.
- An increase in the metro sales tax to provide long-term funding for metropolitan area transit.
- With additional funding into the Highway User Tax Distribution Fund, we support dedicating revenue to the small cities assistance account, the township road account and Greater Minnesota transit.
- House language increasing the Motor Vehicle Sales Tax (MVST) to 6.875%.
- The House authorization for \$400 million in Trunk Highway bonds for the Corridors of Commerce program and State Road Construction program.
- House language directing the Departments of Transportation and Public Safety to jointly develop both a pilot program implementation proposal to use automated traffic enforcement systems in work zones, and an assessment of work zone speed management.
- Language clarifying that grants for local bridges can be made for projects with a cost exceeding \$7 million with the grant amount limited to \$7 million.
- Substituting general fund dollars for trunk highway fund expenditures that have been prohibited in the past and language requiring dedicated funds from the Highway User Tax Distribution Fund be used for a highway purpose.
- Reporting requirements for state transportation revenues and expenditures.
- General fund appropriations for transportation programs and projects, including funding for the Local Bridge Replacement program and the Local Road Improvement program.

The Transportation Alliance opposes:

- Cutting the general fund appropriation for Metropolitan Area Transit.
- Language requiring counties to fund current and future guideways including planning, design, engineering, and construction costs; operating costs; and capital maintenance. The Metropolitan Council and counties have begun conversations regarding these issues to determine the best approach for dealing with future transit costs and this language is no longer supported by the governor or the Metropolitan Council.
- The requirement for a metropolitan county that imposes the transportation sales and use tax to submit an annual report to the commissioner on the use of sales tax revenue. Local governments have the authority to levy this tax after developing a list of projects and holding a public hearing. The state should not require reporting on how counties use their locally collected tax revenue.
- Without an increase in ongoing, dedicated revenue into the Highway User Tax Distribution Fund, our members are concerned about the goal of reducing vehicle miles traveled by 20%.
- Diverting revenue from the electric vehicle fee away from the Highway User Tax Distribution Fund.

The members of the Minnesota Transportation Alliance urge you to work together and to work with us to develop and pass a comprehensive, long-term funding proposal that balances the huge needs on the state and local levels for highways, roadways, bridges, transit and other modes in both Greater Minnesota and the Twin Cities Metropolitan Area. Our transportation system needs to be funded as the integrated, interconnected system that it is in light of the documented needs so that Minnesotans will benefit from improved safety and needed economic development.

Thank you for your consideration.

Sincerely,

Margaret Donahoe

Margaret Donahoe
Executive Director