



2018 Legislative Agenda

Minnesota's transportation system continues to fall behind with deteriorating pavements, deficient bridges, growing congestion and ongoing safety problems. The identified \$600 million annual funding gap on the state highway system has been reduced with legislation passed in 2017, but not eliminated. Projects will be accelerated thanks to the increased authorization of Trunk Highway Bonds, but interest payments on those bonds will be funded from construction dollars in the Trunk Highway Fund.

Funding Options

- Transportation infrastructure projects require years to develop and construct. Stable, dedicated funding has been critical to cost-effective planning and delivery of projects in Minnesota. **That is why we have 3 constitutionally-dedicated revenue sources: motor vehicle registration fees, fuel tax and motor vehicle sales tax. Dollars in the Highway User Tax Distribution Fund cannot be used for transit or other modes of transportation.**
- To best meet the identified transportation needs, a funding package needs to include new revenue that will be deposited into the Highway User Tax Distribution Fund as well as new revenue for the Transit Assistance Account and additional local options.
- One-time cash or bonding for transportation can help to reduce the gap between the identified need and the available revenue. However, one-time funding will not be able to fully meet the identified funding need. Transportation funding legislation should address multimodal needs all across the state.

Current State Revenue

- Statutorily dedicate 100% of the existing revenue from the sales tax on auto parts until a constitutional amendment is passed by voters (\$270-\$300 million per year). Current law dedicates \$31.5 million per year for the 2018-19 biennium and \$145 million per year for each fiscal year thereafter.
- Increase the current general fund appropriation for transit to deal with the anticipated operating deficit for Metro Transit bus service.

New State Revenue Options

- Increase revenue from the motor vehicle registration tax by increasing the rate and changing the depreciation schedule.
- Increase and index the current state fuel tax. An increase in the per-gallon rate or a gross receipts tax on the sale of fuel charged at the wholesale level just like the current fuel tax. All fuel tax revenue is constitutionally dedicated to the Highway Trust Fund and may only be used for a highway purpose.
- Implement a new motor vehicle registration renewal surcharge (\$10) and title transfer surcharge (\$10) dedicated to city road repair.
- Equalize the sales tax paid on leased and purchased vehicles (6.87%).
- Impose a fee for late payment of motor vehicle registration tax.
- Levy current 6.87% sales tax on all auto parts and services and dedicate revenue to transportation

Bonding/Cash

- Provide general obligation bond proceeds or general fund cash for transportation projects in a capital bonding bill with:
 - \$100M for Local Bridge Program
 - \$100M for Local Road Improvement Program – amend language for Trunk Highway Corridor Account to local cost-share assistance account
 - \$16.38M to Board of Soil and Water Resources (BSWR) for Wetland Mitigation related to road construction
 - \$20M for Railroad Crossings with local roadways
 - \$50M Heywood Bus Garage
 - \$50M Busway and Express Bus Development Program
 - \$ 4M Rochester Bus Garage
 - \$10M for Ports and Waterways
 - \$ 8M Rail Service Improvement Program
 - \$11M Passenger Rail Program
 - \$10M to Dept. of Employment and Economic Development for TEDI program
 - \$ 3M for Safe Routes to School
- Authorize additional Trunk Highway bond proceeds to the Corridors of Commerce program if additional funding is provided to the Trunk Highway fund to cover the debt service on the bonds. Current debt service projections show debt service increasing each year from \$183 million in FY2017 to \$282 million in FY2021.

Efficiencies/Tax Reform

- Fund MnDOT and DPS Trunk Highway Fund expenditures not related to a Highway Purpose from the state general fund.
- Right of Way Acquisition Loan Fund (RALF) in Greater Minnesota
- Allow fund swaps on local projects when possible
- 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.

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.
 - Support the implementation of the recommendations of the Wetland Streamlining committee.
 - Eliminate some requirements for projects within the existing right-of-way.
 - Increase the use of innovative technologies.
- 2) 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.
- 3) 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.
- 4) 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.
- 5) Support full state funding, from non-transportation funding sources, for mitigation of wetland impact from county and municipal highway projects.
- 6) 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.
- 7) 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.
- 8) Support electronic and photo monitoring for data collection, traffic planning, driver education, and enforcement as a means of reducing road wear, crashes and injuries.
- 9) Support a constitutional amendment to eliminate the current cap on the amount of state bonds that can remain outstanding for use on rail improvements.
- 10) 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.