



## TRANSPORTATION INVESTMENTS FOR ECONOMIC DEVELOPMENT

### 2019 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.

**Our mission:** To coordinate and educate diverse groups statewide to effectively advocate for a safe, efficient transportation system that works for everyone.

#### 1. Address the unmet needs on Minnesota's transportation system

Increased funding and bonding for roads and bridges passed in 2017 has reduced the funding need in the short-term and has allowed for some important highway and bridge projects to be advanced. 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.

##### State Trunk highway and bridge funding gap:

**\$400 million per year** – FY2019-2023

**\$600 million per year** – FY2024-2027

**\$900 million per year** – FY2028-2037

Corridors of Commerce program – Unfunded Projects: \$7 billion

##### Local Road and Bridge funding gap:

**\$900 million per year**

##### Metropolitan Area Transit funding gap:

**\$100 - \$200 million per year over the next 20 years**

From 2015 – 2040, growing the bus system by 1% annually could require an additional \$1.8 billion - \$2.2 billion.

##### Greater Minnesota Transit funding gap:

**\$20-\$40 million per year over the next 20 years**

To meet 100% of the need for transit service in Greater Minnesota, the total annual operating and capital investment will need to increase from \$140 million in 2017 to \$246 million in 2030.

##### Ports and Waterways

The four ports in Minnesota that most recently sought funds from the Port Development Assistance Program had project needs of more than \$34 million.

## Airports

Local airports \$30 million

## **2. Provide increased, stable and dedicated funding for all modes of transportation to reduce the documented funding gap.**

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: fuel tax, motor vehicle registration fees and motor vehicle sales tax. Dollars in the Highway Trust Fund are not used for transit or other modes of transportation.

### New State Revenue Options

- 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 could be used as well as a sales tax on fuel at the retail level. All fuel tax revenue is constitutionally dedicated to the Highway Trust Fund.
- Increase revenue from the motor vehicle registration tax by increasing the 1.25% auto and the weight-based rates and changing the depreciation schedule.
- Authorize an increase in the metro area sales tax to up to 1% with dollars dedicated to transit and transportation in the Twin Cities Metropolitan Area.
- Authorize a motor vehicle registration renewal surcharge (\$10) and title transfer surcharge (\$10) for city road repair.
- Equalize the sales tax paid on leased and purchased vehicles (6.87%)
- Levy current 6.87% sales tax on all auto parts and services and dedicate revenue to transportation
- Increase the annual fee for vehicles that run solely on electricity from \$75 per year to \$150.
- Explore fees on Transportation Network Services with revenue dedicated to expanded transit service or other infrastructure to improve mobility for people with disabilities.
- If the state taxes sports betting, dedicate a portion of the revenue to improving the state's infrastructure.

### Dedicate Current State Revenue

A surplus in the state's general fund provides the capacity to dedicate revenue from transportation related fees to ensure their use on the transportation system. Increased revenue from the collection of sales tax on internet purchases is estimated to provide an additional \$130-\$200 million per year to the state's general fund.

- Statutorily dedicate all existing revenue from the sales tax on auto parts. The current statutory dedication of \$145 million per year should be increased to dedicate all revenue from this transportation fee. (\$250-\$270 million per year for next biennium)
- Use surplus dollars to restore the general fund appropriation for transit systems to previous levels to expand transit service.
- Dedicate revenue from internet sales tax collections for MainStreets program in small cities.

### 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 – bridges over \$5 million in cost should be funded separately
- \$100M for Local Road Improvement Program – amend language for Trunk Highway Corridor Account to Local Cost-Share Assistance Account
- Create a new Main Street assistance fund to support project costs when trunk highway construction is scheduled.
- \$ 20M for Railroad Crossings with local roadways
- \$100M for Transitways and facilities for both Metro and Greater Minnesota transit
- \$ 70M for Heywood II Bus Garage
- \$ 10M for Ports and Waterways
- \$ 40M to Dept. of Employment and Economic Development for TED program
- \$ 17M to Board of Soil and Water Resources (BSWR) for Wetland Mitigation related to road construction

### Trunk Highway Bonding

Authorize additional trunk highway bonds (with no more than 20% of trunk highway fund needed for debt service) or general fund dollars for Corridors of Commerce and Transportation Economic Development (TED) programs.

### 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.

- 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.
- Support state assumption, in collaboration with local government, of the federal 404 permit program.

- 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) Support ongoing efforts to improve the transparency of decision making at MnDOT and the Metropolitan Council including the project selection process.
- 5) Support legislation requiring hands-free use of cell phones.
- 6) Any loss of motor vehicle registration funds due to problems with the MnLARS collection system should be compensated with general fund dollars.
- 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.
- 9) 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.
- 10) Support full state funding, from non-transportation funding sources, for mitigation of wetland impact from county and municipal highway projects.
- 11) 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.
- 12) 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.
- 13) 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.
- 14) Review possible opportunities to increase safety in work zones including speed enforcement activities, changing MnDOT traffic control unit pricing in a low bid environment, public education and possible changes to the state driver manual.
- 15) 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.