THE TRANSPORTATION ALLIANCE
Highways • Transit • Rail • Waterways • Air

Investments in transportation infrastructure will:

- Put people back to work in construction and engineering
- Support businesses and industries that rely on moving people and products
- Improve the safety and effectiveness of the system that all Minnesotans use

Transportation Projects are waiting to be let for construction. Let's get Minnesota's economy moving!

TRANSPORTATION and ECONOMIC DEVELOPMENT AGENDA 2014

- **Alliance supports increased funding for all modes of transportation to meet the documented unmet needs (at least $2.5 billion per year for the next 20 years) on the transportation system statewide.** Increased funding is needed to implement the vision developed by the Transportation Alliance in our 2040 Roadmap including improvements to Interregional Corridors in the state. The 2008 Transportation Funding bill – Chapter 152 – has met a fraction of the identified need. <u>Investments in transportation infrastructure are critical right now while bids are low, interest rates are low and job creation and economic development are top priorities.</u>

- **Alliance supports adequate funding for transit systems to maintain and expand current levels of service to provide an economically competitive transit system and opposes further cuts in the general fund appropriation.** The level of funding provided through the metro area sales tax levied by the Counties Transit Improvement Board should remain at 50% of the operating cost for transitways.

- **All revenue from the motor vehicle sales tax on purchased and leased vehicles should be dedicated for transportation purposes only.** Current statute dedicates only the remaining funds after a $32 million set-aside from the leased vehicle sales tax revenue to transportation with 50% going to Greater MN transit and 50% going to 5 metro counties for highway improvements.

  The revenue from the sales tax on purchased motor vehicles should be distributed so that 60 percent of the revenue is used for highway purposes and 40 percent for transit. The sales tax paid on a purchased vehicle should be the same rate charged on a leased vehicle: 6.87% of the price. Any proposals to expand the base of the sales tax and reduce the rate should exclude MVST from the rate reduction.

- **Alliance supports increased funding for the Transportation Economic Development (TED) program.** This program has allowed MnDOT to work with DEED, using criteria related to business expansion and job creation, in evaluating transportation projects that will meet specific business and economic development needs.

- **Alliance supports increased authorization for trunk highway bonds with additional revenue to pay for debt service on the bonds.** MnDOT currently has no capacity to issue additional bonds but additional revenue can be obtained from a variety of sources including increases in the motor fuel tax, motor vehicle registration tax, sales tax on leased and purchased vehicles and other sources to cover the debt service on a higher level of bonding given current low interest rates.

- **Alliance supports an annual fee for electric vehicles to compensate for the lack of payment of any motor fuel tax with proceeds deposited in the Highway User Tax Distribution Fund.**

- **Alliance supports authorization for municipalities to create street improvement districts.**

- **Alliance supports broadening of the use the transit property tax** levied in the metropolitan area to include both capital and operating expenses.

- **Alliance supports the use of innovative financing** for certain projects, including public-private partnerships, where there is agreement between the state, private and local partners.

Funding Options:

- ¾ cent increase in Metro Area Sales Tax

  1st Year - $137M
  2nd Year - $339M
  Increases with inflation

  - Revenue used by CTIB and Met Council for Metro Area Transit and for bike/ped projects

- Dedication of 100% of revenue from sales tax on leased vehicles (MVLST)

  $32M per year transferred from general fund to transportation

  - Total MVLST revenue estimated at $60M. Revenue would be shared with a percentage to Greater MN transit and a percentage to the 5 metro counties currently receiving MVLST dollars.

- Fuel Tax – 5% gross receipts tax

  1st Year - $185M
  2nd Year - $362M
  Increases with inflation

  - Revenue deposited in HUTDF with Trunk Highway share dedicated to trunk highway bond debt service
  - Change in CSAH formula – all money in CSAH fund, regardless of source, be split with 68% distributed through the apportionment sum and 32% distributed through the excess sum. This change would only be enacted in conjunction with a permanent increase in revenue to the HUTDF.
  - Leverages $250M per year for 4 years - $1Billion in THB Directed to Corridors ($200M) of Commerce Program and TED ($50M)

  OR

  - 10 cent increase in per gallon tax

    1st Year - $112M - $145M
    2nd Year - $221M - $290

  - Revenue deposited in HUTDF with Trunk Highway share dedicated to trunk highway bond debt service

- Change in CSAH formula - all money in CSAH fund, regardless of source, be split with 68% distributed through the apportionment sum and 32% distributed through the excess sum. This change would only be enacted in conjunction with a permanent increase in revenue to the HUTDF.
  AND

- Indexing fuel tax
- Registration Tax increase – tax rate increased from 1.25% to 1.375% with $10 increase
  1st Year – $86.8M to HUTDF
  2nd Year – $89.9M to HUTDF
  Increases with value of vehicles
  - Revenue deposited in HUTDF with Trunk Highway share dedicated to trunk highway bond debt service
  - Leverages $250M per year for 4 years - $1Billion in THB Directed to Corridors of Commerce Program ($200M) and TED ($50M)

- Authorization for Street Improvement Districts

- GO Bonds – Metropolitan Council
  SW LRT - $81 Million
  Heywood Garage - $20 Million
  Arterial BRT - $15 Million
  35W South BRT - $20 Million
  Transitway Capital Improvement - $60 Million

- GO Bonds – MnDOT
  Local Bridge Program - $75 Million
  Local Road Improvement Program - $100 Million
  Funding for counties, small cities & townships
  Greater MN Transit - $8.24 Million
  Rail Service Improvement - $10 Million
  Port Development Asst. - $10 Million
  Safe Routes to School - $3.2 Million
  High Speed Rail - $26 Million
  Railroad Grade Crossings with County Highways - $10 Million

BWSR - $5.4 Million Local Roads Wetlands Replacement Program

<u>Tax Reform</u>

- Eliminate payment of state sales tax on purchases for transportation projects from MnDOT.
- Eliminate payment of state sales tax on purchases related to transit capital projects.
- Expand the transit taxing district to encompass the seven county metropolitan area.

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: prefabricated bridges, warm mix asphalt, thin overlays, permeable pavement, safety edge, adaptive signal control technology, intelligent compaction, stone matrix asphalt, rubblization with overlay etc.

2) Support financial accountability as recommended by the Transportation Strategic Management Task Force. Through the revised Major Projects and Trunk Highway Expenditure Report, ensure reporting of total construction project cost including engineering, right-of-way, oversight, and supplemental agreements and compare final cost of projects to final public cost estimate and the award price.

3) 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.

4) Road 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 establishing maximum axle weights and gross weights for implements of husbandry. 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.

6) Support existing Counties Transit Improvement Board (CTIB) statutory authority, governance and revenue structure which provides critically important authority for metro counties to advance regional transitway development.

7) Support full state funding, from non-transportation funding sources, for mitigation of wetland impact from county and municipal highway projects.

8) 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.

9) Support electronic and photo monitoring for data collection, traffic planning, driver education, and enforcement as a means of reducing road wear, crashes and injuries.

10) Support a constitutional amendment to eliminate the current cap on the amount of state bonds that can remain outstanding for use on rail improvements.

11) Support retaining current law regarding mitigation of business impacts due to construction projects.

12) Restore the levy authority for regional rail authorities that was lost as a result of the new homestead exclusion.

13) Support clarifying the authority of counties to evaluate the safety of township bridges and post or close if necessary.