



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 2017

- **Alliance supports increased funding for all modes of transportation to meet the documented unmet needs on the transportation system statewide.** The 2008 Transportation Funding bill – Chapter 152 – has met about 1/3 of the identified need. The Transportation Finance Advisory Committee (TFAC) documented a funding gap of \$600 million per year on the state highway system, \$900 million per year on the local road and bridge system, \$300 million per year for metropolitan area transit, \$45 million per year for Greater Minnesota transit and approximately \$400 million per year for other modes including freight rail, passenger rail, ports and waterways, bike and pedestrian infrastructure and airports over the next 20 years. The latest gap analysis from MnDOT shows an increase in the shortfall on the state highway system from \$12 billion to \$18 billion in the 2018 to 2037 timeframe.
- **Alliance supports efficiency improvements** to meet up to 15% of the identified need, but the remaining 85% of the unmet need can only be addressed with additional funding. Alliance urges more scrutiny in how highway dollars are used to ensure they are used solely for highway purposes and not diverted to administrative costs or other expenditures that should be paid from the general fund.
- **Alliance supports the full dedication of all motor vehicle sales tax on purchased and leased vehicles 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 (MVST) should continue to 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.
- **Alliance supports the use of alternative financing** for certain projects, including public-private partnerships with additional revenue and value capture strategies where there is agreement between the state, private and local partners.

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: 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.**
- **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.**

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 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 the current ¼ cent metro area sales tax to up to 1% with dollars dedicated to transit and transportation including roadways in the Twin Cities Metropolitan Area.
- 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%)
- Impose a fee for late payment of motor vehicle registration tax
- Levy a surcharge on motor vehicle registration fee with revenue dedicated to city street assistance
- Levy current 6.87% sales tax on all auto parts and services and dedicate revenue to transportation
- Charge an annual fee for cars that run solely on electricity

Current State Revenue

- Statutorily dedicate existing revenue from the sales tax on auto parts until a constitutional amendment is passed by voters. (\$250-\$270 million per year for next biennium)
- Dedicate all of the revenue from the current sales tax on leased vehicles so that funding is increased to both Greater MN transit and metro counties for highway improvements. (\$32M per year)
- Use surplus dollars to restore the general fund appropriation for transit systems to previous levels.
- Dedicate the existing motor vehicle rental tax and sales tax on rental of motor vehicles to transportation. (\$47.5M/year)

Bonding/Cash

- Provide general obligation bond proceeds or general fund cash for transportation projects in a capital bonding bill with:
 - \$150M for Local Bridge Program – bridges over \$5 million in cost should be funded separately
 - \$150M for Local Road Improvement Program – amend language for Trunk Highway Corridor Account to local cost-share assistance account
 - \$ 20M for Railroad Crossings with local roadways
 - \$105M for Transitways and facilities
 - \$ 70M for Heywood II Bus Garage
 - \$ 10M for Ports and Waterways
 - \$ 40M to Dept. of Employment and Economic Development for TED program
 - \$ 14.64M to Board of Soil and Water Resources (BSWR) for Wetland Mitigation related to road construction
 - \$ 3M for Safe Routes to School

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.
- 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.

Local Options/Local Cost Participation

- Authorize cities to create Street Improvement Districts
- Equalize local option sales tax for transportation among all counties to allow CTIB counties, acting individually or together, to levy up to 1/2 cent.
- With an increase in revenue into the Trunk Highway Fund, revise the local cost participation policy to reduce the burden on local governments of 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
- 2) 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.
- 3) Support full state funding, from non-transportation funding sources, for mitigation of wetland impact from county and municipal highway projects.
- 5) 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.
- 6) 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.
- 7) Support electronic and photo monitoring for data collection, traffic planning, driver education, and enforcement as a means of reducing road wear, crashes and injuries.
- 8) Support a constitutional amendment to eliminate the current cap on the amount of state bonds that can remain outstanding for use on rail improvements.
- 9) 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.