



LEGISLATIVE UPDATE – MARCH 31, 2022

TRANSPORTATION DAY AT THE CAPITOL



2022 SESSION OVERVIEW

- Historic Budget Surplus - \$9.3 billion
- Not a Budget Year – Legislature does not have to act to keep government functioning
- Major Election Year!
- Typically legislature focuses on a Capital Budget Bill
- At this point in the session – very little has been accomplished

CAPITAL BUDGET BILL

- Hopeful for agreement on a major capital bonding bill
- House Committee has been meeting – Senate has not
- We've been educating legislators about the impact of the federal IIJA for Minnesota

TRANSPORTATION RECOMMENDATIONS

Governor's Rec

- Local Bridge - \$120M
- Local Road - \$90M
- Metropolitan Busways - \$60M
- Port Development - \$5M
- Rail Improvements - \$2M
- Local Road Wetlands - \$14M + \$6M cash
- Greater MN Transit - \$1M

Alliance Rec

- Local Bridge - \$200M
- Local Road - \$150M
- Metro Busways - \$100M
- Port Development - \$28M
- Rail Improvements - \$10M
- Local Road Wetlands - \$14M + \$6M cash
- Greater MN Transit - \$5M

SUPPLEMENTAL BUDGET

- Lots of requests for funding: UI Fund, Frontline Worker pay, paid family leave, child care assistance, education funding increase and tax cuts
- Governor recommended funding to match IIJA dollars - \$200 million for FY22-23 biennium to HUTDF and \$100 million to MnDOT for other modes and discretionary grant applications
- House proposal creates Federal Funds Local Assistance program with one-time \$38 million that is available for 4 years.

DEDICATION - SALES TAX ON AUTO REPAIR PARTS

- Senate has two bills moving – one for inclusion in larger funding bill and one sent to Senate floor. Both dedicate 100% of revenue and distribute funds: 86% to HUTDF, 7% to Town Roads, 7% to Small Cities Assistance
- House bill – Dedicates all revenue and distributes: 53% HUTDF, 36% Metro Transit, 4% GM Transit, 4% Small Cities, 3% Townships

DEDICATION - SALES TAX ON AUTO REPAIR PARTS

- Our goal is to make sure that local governments benefit from this dedication. Promoting a separate allocation for CSAH and MSAS Funds.
- Current law dedicates \$145.6 million from the sales tax on auto repair parts to the HUTDF. That represents roughly 45% of the total amount generated. The total revenue estimate starts at \$320M in FY2023 and grows to \$338.5M in FY2025.

CORRIDORS OF COMMERCE

- Legislation would change how the program works: 3 geographic areas, screening process that relies on ATPs in Greater Minnesota and Met Council along with Metro counties in other areas.
- A new solicitation process would begin in February of 2023 for the \$200M in THB authorized for FY24 and FY25.

GAS TAX HOLIDAY

- We've shared our opposition with legislators and media.
- Fuel tax collected at wholesale level - whether federal or state
- Subsidizing the price gives money to fuel industry with no corresponding guarantee of a reduction in the price at the pump
- Sets a bad precedent for suspending collection of the fuel tax whenever the price at the pump is considered "too high."

SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS

- Sales tax exemption for construction materials should be streamlined in 2022 to eliminate administrative burdens and save local entities millions of dollars annually.
- Language in Governor's budget needs to be included in the Omnibus Tax Bill
- Transportation Alliance is part of a Coalition of local government groups supporting this streamlining of the exemption