

# ***It's Time to Catch Up & Keep Up***

## **Minnesota's Multimodal Transportation System**

- Reduce fatalities and injuries on roads
- Create career opportunities
- Improve access to destinations
- Support businesses and industries

Minnesota's transportation funding shortfall:  
**\$20-\$30 billion over the next 20 years**



**While the general fund is projected to have a historic budget surplus, revenues dedicated to roads, bridges and transit are declining**



## **Infrastructure Investment and Jobs Act (IIJA)**

The federal Infrastructure Investment and Jobs Act (IIJA) increased federal funding for transportation by approximately 30% over base-level federal funding that is provided every year to all states.

Federal transportation funds require a local match to access formula funds as well as to compete for discretionary grants.

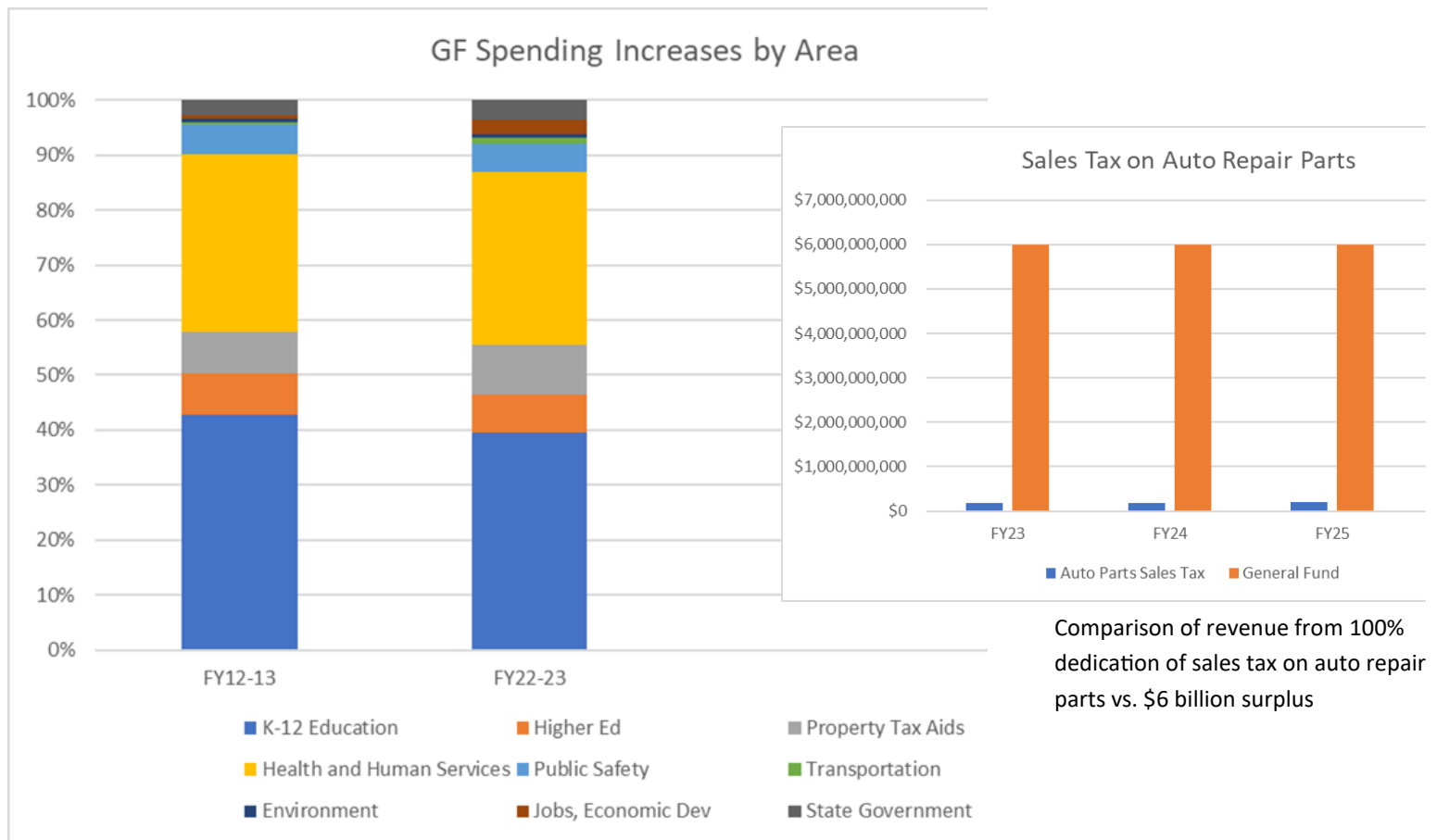
**While increased federal funding helps to reduce the transportation funding gap, increased state funding is needed to maintain and improve Minnesota's transportation system.**

The state needs to dedicate general fund dollars of at least \$185 million over the life of the IIJA to match formula funds and allow the state to compete for discretionary grants.

## ***Goals for 2023 Legislative Session***

- Provide state matching dollars for agencies, local governments and tribes to match and compete for federal transportation funds.
- Appropriate one-time dollars from the budget surplus to address state aid cuts and increasing costs for roads and transit.
- Provide significant dedicated, ongoing revenue for all jurisdictions for roads, bridges and transit statewide.
- Pass a robust capital investment bill with significant funding for roads, bridges, transit capital, ports and waterways, and rail projects.

# Transportation Receives a Small Percentage of General Fund Revenues



## State Funding Options

- ◆ Convert the current dedication of \$145.6 million per year in revenue from the sales tax on auto repair parts to dedicate 100% of the total revenue collected to transportation recognizing the need to provide ongoing revenue for roads and transit statewide.
- ◆ Provide dedicated and ongoing funding for the Small Cities Account providing reliable assistance for cities with populations under 5,000.
- ◆ Provide a dedicated ongoing funding increase for township roads and bridges.
- ◆ Increase the annual electric vehicle fee from \$75 to \$150 or implement a per kilowatt hour fee on electricity used to fuel vehicles.
- ◆ Implement a fee on Transportation Network Companies with revenue dedicated to transit systems.
- ◆ Charge a delivery fee on package deliveries with revenue dedicated to transportation – both highways and transit.
- ◆ Increase the motor fuel excise tax of 25 cents per gallon and index the tax to keep up with inflation. The US average for state taxes and fees on gasoline is 38.19 cents per gallon.
- ◆ Increase the debt service surcharge of 3.5 cents per gallon to allow for additional trunk highway bond authorizations.
- ◆ Increase the motor vehicle registration tax.
- ◆ Add a \$10 surcharge on vehicle registration renewals.
- ◆ Increase the metropolitan area sales tax for transit.
- ◆ Increase the motor vehicle sales tax rate from 6.5% to 6.875% and increase the MVST for Suburban Transit



# A Major Capital Investment Bill

The failure to pass a capital bonding bill last session means the state is falling behind in addressing critical infrastructure maintenance and improvement needs.

A Capital Investment Bill should include:

- Local Bridge Replacement Program - \$200 million
- Local Road Improvement Program - \$150 million
- Local Road Wetland Replacement Program - \$17 million GO bonds and \$7 million GF (Base funding should be included in the biennial state budget for this program)
- Bus Rapid Transit/Busway Capital Improvements - \$100 million
- Greater MN Transit Capital - \$5 million
- Blue Line LRT Extension - \$200 million
- Port Development Assistance Program - \$28 million
- Minnesota Rail Service Improvement Program - \$10 million
- Highway Railroad Grade Crossing Devices - \$6 million
- Safe Routes to School - \$2 million
- Rail Corridor Capacity Improvements - \$19.9 million
- Authorize additional trunk highway bonds for the Corridors of Commerce program with additional funding into the Trunk Highway Fund to pay for the increased debt service.

