



April 10, 2025

**TO: Co-Chairs Koznick and Koegel and Members of the House Transportation Finance and Policy Committee**

**RE: Written Testimony on HF 2438 DE1—Transportation budget bill; Department of Transportation, Department of Public Safety, and Metropolitan Council activities funding provided; and money appropriated**

Co-Chairs Koznick and Koegel and Members of the House Transportation Finance and Policy Committee,

On behalf of the League of Minnesota Cities and our 842 member cities, thank you for the opportunity to provide written testimony on the DE1 amendment to HF 2438, the omnibus transportation budget bill. The League supports several provisions in the bill, including the following:

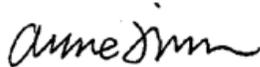
- **Funding for the Local Road Wetland Replacement Program (LGRWRP) (Article 1, Section 6):** The bill provides \$10 million for the biennium and \$12.740 million for the next biennium for the (LGRWRP). Without this funding, the LGRWRP will exhaust wetland credits that are used to provide required wetland replacement for local government road projects due to recurrent underfunding. Please note, to overcome the credit deficit requires an appropriation of \$26 million. Once whole, annual funding necessary to maintain and support the program is estimated at \$9.5 million.
- **Electric Vehicle Surcharge Increase (Article 2, Section 12):** The bill increases the surcharge on electric vehicles from \$75 to \$200 to align it more fairly with the fuel tax paid by drivers of other fuel-powered vehicles. Minnesota’s road system at all levels is underfunded with a significant funding gap identified by MnDOT of over \$1 billion per year. As electric vehicles become more prevalent, more drivers are not paying the fuel tax. As the difference in price between electric and gasoline powered vehicles continues to shrink, we believe that all vehicle owners should pay the motor vehicle registration tax, sales tax and fuel tax to support the maintenance and improvement of our road system.
- **Delay of Greenhouse Gas Emissions/Vehicle Miles Traveled Provisions (Article 2, Section 7):** The bill identifies a funding source for the provisions related to GHG/VMT in 2023 and 2024 and delays implementation by one year. MnDOT’s Technical Advisory Committee (TAC) is working on the mechanics of the program. The TAC has done a lot of

good work, but there are still many questions it needs to address. These questions are identified in a separate letter cosigned by the League.

Finally, the League appreciates that the bill does not repeal important provisions enacted in 2023. These include the retail delivery fee and indexing of the gas tax. These funding streams are essential to cities of all sizes and we oppose any effort to reduce or eliminate them.

Thank you for considering this written testimony.

Sincerely,

A handwritten signature in black ink that reads "Anne Finn". The signature is written in a cursive, flowing style.

Anne Finn  
Intergovernmental Relations Director