



Association of Minnesota Counties

May 3, 2023

Representative Frank Hornstein
Representative Erin Koegel
Representative Brad Tabke
Representative Jeff Brand
Representative John Petersburg

Senator D. Scott Dibble
Senator Kelly Morrison
Senator Jim Carlson
Senator Jennifer McEwen
Senator John Jasinski

Dear Members of the Conference Committee:

On behalf of the Association of Minnesota Counties (AMC), a voluntary association representing all 87 counties, we want to thank you for your work on the Omnibus Transportation Finance and Policy Bill. As you begin to confer on the transportation provisions contained in HF2887, we ask that you consider AMC's positions on the following items.

TRANSPORTATION FUNDING

AMC has long advocated for the statewide need for increased transportation dollars. Despite a record state surplus, transportation revenues are down. **The County State Aid Highway (CSAH) fund received \$17.5 million less in 2023 than it did in 2022.** There is currently a \$345 million annual gap in funding for county road and bridge construction, resulting in almost half of county transportation revenues coming from local taxes, including property tax.

One of our top AMC priorities this year and for the past several years, is support for a comprehensive transportation funding bill that includes new, *dedicated* revenue for roads, bridges, and transit. We believe the solution this session should be comprehensive, balanced, sustainable, and dedicated.

Dedicated Revenue

AMC supports the increased revenue from constitutionally and statutorily dedicated sources found in the bill, including the increases to the tax rate for the motor vehicle registration tax and the Motor Vehicle Sales Tax (MVST). **We also support language found in both bills that would statutorily dedicate all the revenue from the sales tax on auto repair parts to transportation.** While there are differences in the way this revenue would be distributed and when, **counties support the Senate position to distribute a portion of this revenue to the CSAH fund directly**, over and above what counties will receive through the Highway User Tax Distribution (HUTD) fund, and **we support the House position to dedicate this revenue fully by FY2028.**

Counties also appreciate the additional dedicated revenue found in the House bill from the \$0.75 delivery fee. We consider this a user fee that will help pay for the wear and tear of our roads and is a fair approach given the significant increase in delivery vehicles on the system. This is a simple, easy to administer fee that would be collected and remitted to the department of revenue just like the sales tax and would provide desperately needed revenue to our transportation system. **Counties support the House position to include the delivery fee in the bill and distribute a direct appropriation of the revenue to the CSAH fund** over and above what counties will receive through the HUTD fund.

Metro Sales Tax

As a statewide organization, AMC does not have a specific platform position regarding the metro sales tax, but we do have a long-standing position in support of dedicated transit funding that is both adequate and predictable and provides the necessary revenue to support transportation options for transit-dependent and riders who choose to ride transit. We appreciate the inclusion of a metro sales tax for transit in both the House and Senate positions. With a percentage of the metro sales tax going to metro county roads and bridges, **we support the Senate position to have the revenue go directly to counties through the CSAH fund.**

Local Roads and Bridges

AMC's top transportation funding priority this session also includes support for a bonding bill that contains funding for transportation-related programs. **Counties support the \$45 million one-time general fund appropriation included in the Senate bill for both the Local Road Improvement Program (LRIP) and the Local Bridge Replacement Program (LBRP).** Over the next five years, counties and cities have identified 634 priority bridge replacement projects by city council or county board resolution, requesting approximately \$290 million in state bridge funds. The most recent solicitation for LRIP received over 400 applications totaling \$344 million in requests, far exceeding the \$75 million available in the 2020 bonding bill. We hope the general fund appropriation in this bill will be in addition to general obligation bonds included in a bonding bill.

Federal IJJA Match Funding

It takes funding at the local, state, and federal level to meet the needs and demands on our local transportation system. With the passage of the federal Infrastructure Investment and Jobs Act (IIJA) the state needs to be able to best utilize these federal funds. We appreciate that both the House and Senate positions include significant state matching funds. We also appreciate the work to create and fund a program that would provide technical assistance to local governments across the state to apply for IIJA discretionary grants. This assistance will be helpful for all counties, but particularly smaller counties that might not have the resources and staff available to do this on their own.

Local Transportation Disaster Support

AMC supports the ongoing funding included in both the House and Senate bills for the Local Transportation Disaster Support Account. Creating a new Local Disaster Support Account with funding directed to MnDOT and administered by State Aid, would allow for better customer service and improved coordination with local agency project needs and funding for these needs.

Corridors of Commerce

AMC supports the investment in the Corridors of Commerce Program included in both bills. This is a much-needed investment in our state road system and counties support the additional amount of funding included in the Senate bill.

TRANSPORTATION POLICY

Transportation Greenhouse Gas Emissions Impact Assessment (HF2778-4, Article 4 Sec. 12 and UEH2887-2 Article 8, Sec. 19) AMC has concerns with the proposed language that requires an assessment of greenhouse gas emissions for all grade separated interchange projects and capacity improvement projects on the trunk highway system. It would apply to capacity improvement projects with a cost of \$15M or more in the metro area and \$5M or more in Greater Minnesota. We are concerned about the potential for cost increases, delays, and litigation risks for important safety improvements.

While counties appreciate the progress that has been made to this language already, and currently prefer the additional modifications that have been made to the Senate bill, we would also make the following suggestions to improve the language: **include language that takes safety into account** as part of the assessment process; **establish a working group** to develop the methodology for conducting assessments and evaluating the feasibility and advocacy of mitigation options; **include general fund dollars** to cover the cost of mitigation measures necessary to offset greenhouse gas emissions; follow the approach of other states with a **programmatic approach** to reducing greenhouse gas emissions rather than focusing on specific projects that add capacity; and **exempt projects eligible for funding through the Corridors of Commerce program** from this assessment.

Safe Road Zones (HF2778-4, Article 4 Sec. 18 and UEH2887-2 Article 8, Sec. 26) **Counties prefer the definition of “local request” included in the Senate bill** to include reference to the local road authority generally instead of the lead traffic engineer for the local road authority. AMC and the Minnesota County Engineers Association (MCEA) also recognize that the language in both versions created under subdivision 5i relating to speed limits in safe road zones would mimic current law, which states that upon request by a local authority, *only* the Commissioner of the Department of Transportation may establish a temporary or permanent speed limit in a safe road zone based on an engineering and traffic investigation.

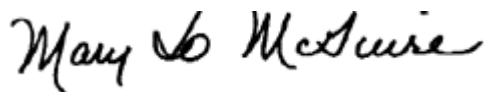
Guideway Uses; Reporting (HF2778-4, Article 4, Sec. 38) AMC is concerned with the language in the House bill that would require metro counties that have implemented the county transportation sales and use tax to fund the planning, construction, operation, or maintenance of guideways to provide a report to the Legislature on the actual and estimated collections of revenue. Counties have the statutory authority to implement this tax and before doing so must hold a public hearing and designate how the revenue will be spent. We believe a statutorily required report to the Legislature on locally raised tax dollars creates a new mandate for information that may be available through more efficient avenues.

Truck Weight Limits (UEH2887-2 Article 8, Sec. 32) AMC and MCEA have long-standing platform positions supporting the retention of overweight/oversize vehicle permitting authority by individual county road jurisdictions and we oppose any increase in non-permitted truck weights. We would like to highlight one provision that is included in the Senate bill relating to Towing and Recovery Vehicles. This provision was discussed during the 2022 session, but the language included in the Senate bill differs from what was agreed upon last year, which stated that the exemption from seasonal load restrictions only applied when a request was made by a federal, state, or local law enforcement for a tow truck or recovery vehicle to move a vehicle. Counties would prefer to see that language included again.

Independent Expert Review Provisions (HF2778-4, Article 5 and UEH2887-2 Article 4): Lastly, counties want to thank both the House and Senate for including the provisions put forward from the Driver and Vehicle Services Independent Expert Review. Counties support the concept of revenue sharing with the state as one of the recommendations put forward in the King Report. We are open to how this is achieved, either by a dedicated surcharge or dedicating a portion of the filing fees but want to emphasize that revenue sharing must be on-going.

Again, we sincerely appreciate your consideration of our perspective. Should you have any questions about the information provided above, please don't hesitate to reach out to your local county commissioners or AMC's Transportation & Infrastructure Policy Analyst, Emily Murray, at (952) 994-8816 or at emurray@mncounties.org.

Sincerely,



Mary Jo McGuire, Ramsey County Commissioner
President, Association of Minnesota Counties



Emily Murray, Policy Analyst
Association of Minnesota Counties