



408 Saint Peter Street, Suite 350
Saint Paul, MN 55102

PHONE 651 225 0878

EMAIL info@fresh-energy.org

WEBSITE fresh-energy.org

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The Honorable Scott Dibble
3107 Minnesota Senate Building
95 University Ave W.
Saint Paul, MN 55155

The Honorable Frank Hornstein
563 State Office Building
100 Rev Dr Martin Luther King Jr Blvd
Saint Paul, MN 55155

Re: Conference Committee on House File 2887

Chair Dibble, Chair Hornstein, and Honorable Conference Committee members,

Fresh Energy is a 30-year-old, Minnesota based non-partisan, non-profit organization working to achieve equitable, carbon-neutral economies by 2050. We appreciate the opportunity to write to you regarding House File 2887, the Omnibus Transportation Appropriations Bill.

Minnesota has made great progress in reducing our greenhouse gas emissions from the power sector, but we have fallen behind in making similar progress in other sectors of the economy—like transportation. As a result, the transportation sector is now the largest source of greenhouse gas emissions in Minnesota as well as in the United States. We are grateful for your hard work to create an equitable and transformative transportation investment that begins to address this issue.

A number of important items have been included in the House and Senate versions of the bill. We particularly appreciate and encourage adoption of the following provisions:

National Electric Vehicle Infrastructure (NEVI) (Transportation Policy R48 and Transportation Appropriations R18): The Infrastructure Investment and Jobs Act (IIJA) established a NEVI Formula Program to fund states to strategically deploy electric vehicle (EV) charging infrastructure and establish an interconnected network to facilitate data collection, access, and reliability. This provision unlocks vital federal funding for Minnesota and will accelerate transportation decarbonization.

Federal Matching Funds (Transportation Appropriations R17, R46): Matching fund investments will enable our state to bring in significant federal funds for transportation infrastructure. This will help address our aging transportation system while preparing for a lower emission future through investments in EV infrastructure, active transportation, and transit.

Federal Transportation Grants Technical Assistance (Transportation Appropriations R44): Funding for technical assistance is a key piece of the puzzle to ensure federal transportation funds can be accessed across the state. Such funding will enable groups unfamiliar with federal programs, or those with limited staff capacity, to learn what projects are available that fit the needs of their community and go through the often lengthy and resource-intensive application process. *House language recommended*

Federal Funds Coordinator (Transportation Appropriations R31): The IIJA, Inflation Reduction Act (IRA), and CHIPS and Science Act are three historic investment opportunities that Minnesota must leverage to enable long overdue upgrades and resiliency improvements to vital infrastructure across the state. However, these funds are made available on a wide range of timelines, administered through several

different federal agencies, and have varying eligibility criteria. Hiring a federal funds coordinator to work with relevant state agencies will ensure that Minnesota is coordinated and strategic in maximizing the opportunity at hand. *House appropriation recommended*

Clean Transportation Standards and Sustainable Aviation Fuel Working Group (Transportation Policy R80): A clean transportation standard would incentivize the deployment of cleaner fuels while generating net economic benefits for Minnesota. Importantly, it will also lead to reductions in air and water pollution and help improve public health, especially in frontline communities that have historically been disproportionately impacted by transportation emissions. Minnesota is also well-positioned to lead in the production of sustainable aviation fuel and this provision can help Minnesota develop a sustainable aviation fuel industry that makes meaningful reductions in pollution. *Senate language recommended*

Focus on greenhouse gas (GHG) emissions (Transportation Policy R19, R46, R68, R94): A variety of provisions in the bill address the urgent need to incorporate the impact of GHG emissions in transportation planning. With the transportation sector being the largest source of GHG emissions in our state and nationally, these provisions are valuable and necessary tools to tackle this challenge.

Metropolitan land use and transportation policy study (Transportation Policy R92): Transportation and land use are inextricably interconnected. The International Panel on Climate Change (IPCC) found that cities can reduce their transportation-related fuel consumption by around 25% by reducing their land use footprint and deploying transportation infrastructure that reduces vehicle dependency. This study will give the Met Council the data it needs to produce a strong development plan for the metropolitan area which considers the impacts of land use on transportation.

Metropolitan Region Sales and Use Tax for Transit (Transportation Taxes/Finance R15): This funding will establish sustained, dedicated funding for transit leading to a transit system that is fast, reliable, and convenient. A strong transit system is an investment in climate, equity, and public health. *House language recommended*

Transmission Lines on Public Right of Ways (Transportation Policy R21): This provision is a common-sense clarification to transmission line siting. Minnesota will need significant expansion of high-voltage transmission lines to electrify transportation and other end-uses with clean electricity. This provision would start down that path by helping site new transmission lines in an existing large infrastructure right of way. It will also enable an important Minnesota large wind project. *House language recommended*

There is one item of concern that we would like to address:

EV Tax and Registration Study (Transportation Policy R81): Revenue from the motor vehicles tax has steadily declined and will continue to do so as fuel efficiency and EV adoption increase, but fuel efficiency is just one factor in declining revenue. At bottom, the highway user tax distribution fund is not adequately funded to maintain Minnesota's roads and bridges. We recommend the commissioners of transportation and management and budget undertake a report to analyze options to bridge the gap between the projected revenue in the Highway User Tax Distribution Fund and the revenue required to maintain Minnesota's public highways and town roads through Fiscal Year 2030. The report should propose legislative solutions to meet the need of the Highway User Tax Distribution Fund such that all projected maintenance required on Minnesota's public highways and town roads due to vehicle use is adequately funded through available funding sources. It should consider a wide range of solutions based on the need for financial stability, social and user equity, user convenience, administrative efficiency, transparency, and other appropriate principles. Solutions should account for differences in potential direct and indirect

infrastructure impacts based on vehicle class, powertrain, fuel type (internal combustion engine, hybrid electric vehicle, plug-in hybrid electric vehicle, battery electric vehicle, and others), age of the vehicle, and average annual miles traveled, specific to Minnesota drivers and accounting for differences in average annual vehicle miles traveled across fuel types.

Fresh Energy supports House File 2887 and we share our gratitude for the hard work and dedication of Chair Dibble, Chair Hornstein, and all the legislators and staff that contributed to the Transportation Omnibus. We appreciate the opportunity to weigh in on this important issue. Thank you for your time.

Sincerely,

Justin Fay
Senior Lead, Public Affairs and Advocacy
Fay@fresh-energy.org

Anna Johnson
Senior Manager, State and Local Affairs
Johnson@fresh-energy.org