



CITY ENGINEERS ASSOCIATION OF MINNESOTA

Engineering Our Cities' Futures

To: Chair Davids and Members of the House Tax Committee

Re: H.F. 5 – Joy

Date: February 25, 2025

Chair Davids and Members:

The City Engineers Association of Minnesota is an organization of civil engineers throughout Minnesota dedicated to providing the highest level of service for our respective cities. That includes maintaining and improving infrastructure, including new street construction, resurfacing or reconstruction of old local streets, as well as curb and sidewalk construction. Every Minnesotan relies on transportation, to meet their physical, social, and economic needs. To meet these needs adequate and stable sources of funding are necessary to ensure the construction and maintenance of a transportation system that is efficient and safe.

CEAM has concerns with House File 5, which would repeal the retail delivery fee and indexing of the gas tax to inflation. Prior to 2023 and the creation of the Transportation Advancement Account funded in part through the delivery fee, small cities received no dedicated funding for local roads. The large city assistance account funded through the retail delivery fee supplements municipal state aid (MSA), which is limited to 20 percent of city streets and often required for local cost share of trunk highway projects.

Even with the progress made in 2023 to provide additional funding for transportation needs, the total 10 year HUTDF gap is estimated at \$18.7 billion dollar gap for the state's transportation system, including MSA. When the HUTDF was first created in 1958, there were 58 state aid cities and 920 miles on the system. Fast forward to today, there are 156 cities sharing this funding, resulting in almost 4,000 miles on the system. The size of the funding "pie" is relatively the same, it is just that the pieces of the pie keep getting smaller. Indexing the gas tax to inflation and having additional funding sources at least gets us a bigger pie.

While we appreciate the author's amendment that attempts to mitigate some of the revenue loss resulting from the bill, it is important that the legislature not unwind the important progress that has been made and in fact, the legislature should explore additional options to close that funding gap to maintain critical road and bridge infrastructure for the safety and economic well-being of Minnesotans.

Thank you, Chair Davids and members of the committee for the opportunity to provide comments on H.F. 5. and taking them into consideration.

Sincerely,

Debra M., Heiser, PE

President, City Engineers Association of Minnesota
Engineering Director, City of St. Louis Park