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March 22, 2023

Chair Hornstein and Members of the House Transportation Finance and Policy Committee:

On behalf of the Association of Minnesota Counties (AMC) and the Minnesota County Engineers Association (MCEA), we write in support of HF580, a bill that would impose a fee on the delivery of tangible personal property.

AMC and MCEA have long advocated for the statewide need for increased transportation dollars. One of our top 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.

The need is clear as you all know. Counties take care of more than 44,000 miles of roadway and 8,100 bridges. We have estimated that \$1.2B is needed annually to replace our road and bridge system based on a lifecycle cost approach. Current revenues total about \$850 million when accounting for HUTD funds, federal grants, and local taxes leaving an annual gap of around \$350 million. Counties also currently spend approximately \$540M per year in operations and maintenance of the road and bridge system with almost 45% coming from local property taxes.

For many years, counties have supported an “all of the above” approach to finding solutions for transportation funding. We believe the solution should be comprehensive, balanced, sustainable, and dedicated. Every revenue source for transportation has pros and cons but we urge you to still consider them all. We support an increase in the fuel tax, increased tab fees, MVST rate equalization, a dedication of 100% of the sales tax on auto repair parts as well as the new delivery fee as proposed in HF580.

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. **We would also urge a direct appropriation of revenue to the CSAH fund similar to what is being done for large cities, small cities, and towns.**

On behalf of MCEA and AMC I would like to thank Rep. Koegel, Chair Hornstein, and members of the committee for your commitment to transportation funding this session. Thank you for the opportunity to comment in support of HF580.

Sincerely,

Emily Murray, Policy Analyst
Association of Minnesota Counties

Lyndon Robjent, Carver County Engineer
Legislative Committee Chair, Minnesota County Engineers Association