



May 4, 2021

Chairs Newman and Hornstein and Members of the Omnibus Transportation Budget Conference Committee

Dear Conference Committee Members:

Thank you for the opportunity to provide comments on the Omnibus Transportation Budget bill. Safe, reliable roads and bridges are the backbone of our state economy and the foundational infrastructure of many of the state's largest employers. From fields to forests and first-haul to final product, adequate roads and bridges are a key component to Minnesota's diverse economy and successful multi-modal system.

We appreciate the demands on limited resources, as well as the commitment elected leaders have demonstrated at both the state and federal levels to recognize the importance good roads and bridges make to the strength of our state and nation. Investments today that benefit commerce and safety will benefit our businesses and residents for years to come.

Despite those commitments it's widely acknowledged that funding for state roads and bridges is not keeping up with projected needs, and the numbers are stark. The estimates are \$39 billion in needs over the next 20 years with expected revenues of only \$21 billion. An \$18 billion shortfall, when local road and bridge needs continue to grow, means a system in continued decline, reduced ability to compete for federal funds, and a congested outlook for new economic growth.

While neither version of the transportation budget bills provide the level of funding needed, we appreciate the effort to raise new revenue and to dedicate additional general fund dollars to roads, bridges, transit and other modes. MRC supports all avenues to making the needed investments in our transportation infrastructure.

MRC supports:

- The House provision that indexes the fuel tax to the national highway construction index.
- The Senate provision that changes the dedication of the sales tax on auto repair parts to 60% of the total revenue collected.
- The House changes to the depreciation schedule used in calculating the motor vehicle registration tax.
- Increasing the electric vehicle fee to more closely compensate for the loss of fuel tax revenue.
- An increase in the metro sales tax to provide long-term funding for metropolitan area transit.
- ***With additional funding into the Highway User Tax Distribution Fund***, we support dedicating revenue to the small cities assistance account, the township road account and Greater Minnesota transit.
- House language increasing the Motor Vehicle Sales Tax (MVST) to 6.875%.
- The House authorization for \$400 million in Trunk Highway bonds for the Corridors of Commerce program and State Road Construction program.
- House language directing the Departments of Transportation and Public Safety to jointly develop a pilot program implementation proposal to use automated traffic enforcement systems in work zones, and an assessment of work zone speed management.

- Language clarifying that grants for local bridges can be made for projects with a cost exceeding \$7 million with the grant amount limited to \$7 million.
- Substituting general fund dollars for trunk highway fund expenditures that have been prohibited in the past and language requiring dedicated funds from the Highway User Tax Distribution Fund be used for a highway purpose.
- Reporting requirements for state transportation revenues and expenditures.
- General fund appropriations for transportation programs and projects, including funding for the Local Bridge Replacement program and the Local Road Improvement program.

MRC opposes:

- Cutting the general fund appropriation for Metropolitan Area Transit.
- Language requiring counties to fund current and future guideways including planning, design, engineering, and construction costs; operating costs; and capital maintenance. The Metropolitan Council and counties have begun conversations regarding these issues to determine the best approach for dealing with future transit costs and this language is no longer supported by the governor or the Metropolitan Council.
- The requirement for a metropolitan county that imposes the transportation sales and use tax to submit an annual report to the commissioner on the use of sales tax revenue. Local governments have the authority to levy this tax after developing a list of projects and holding a public hearing. The state should not require reporting on how counties use their locally collected tax revenue.
- Without an increase in ongoing, dedicated revenue into the Highway User Tax Distribution Fund, our members are concerned about the goal of reducing vehicle miles traveled by 20%.
- Diverting revenue from the electric vehicle fee away from the Highway User Tax Distribution Fund.

We urge you to work together and with advocacy organizations to adopt a thoughtful and comprehensive, long-term funding proposal that balances the needs of the state and local levels for highways, roadways, bridges, transit and other modes in both Greater Minnesota and the Twin Cities Metropolitan Area.

Thank you for your consideration.

Sincerely,



Luke Johnson, Chairman
MN Rural Counties
Pipestone County Commissioner

