



May 2, 2023

Senator Scott Dibble
Senator Kelly Morrison
Senator Jim Carlson
Senator Lindsey Port
Senator John Jasinski

Rep. Frank Hornstein
Rep. Erin Koegel
Rep. Brad Tabke
Rep. Jeff Brand
Rep. John Petersburg

Dear Chair Dibble, Chair Hornstein and Members of the Conference Committee:

On behalf of the over 230 member organizations of the Minnesota Transportation Alliance representing local governments and the transportation industry, I am writing to share our recommendations as you finalize the 2023 Omnibus Transportation Funding bill (HF2887).

Dedicated, Ongoing Funding for Transportation

Thank you for your work and your support of dedicated, ongoing revenue increases for transportation which are critical to improving safety and mobility. With documented funding shortfalls of: \$1 billion per year on the trunk highway system, over \$628 million annually on County State Aid System, over \$220 million per year for city streets, \$40 million per year for township roads, over \$20 million per year for Greater MN Transit and over \$350 million per year for Metropolitan Area transit, new revenue is necessary to catch up and keep up Minnesota's transportation system.

The Alliance urges you to include in the final bill:

- The Retail Delivery Fee of \$.75 per order included in the House bill. This innovative user fee will provide ongoing revenue that is needed in light of expected reductions in other revenue sources including the fuel tax. This modest fee per order will help to pay for wear and tear on roadways as the use of delivery services increases. The funding gap for roads and bridges requires new revenue options.
- The Transportation Alliance has long supported an increase in the Metropolitan Area Sales Tax of at least ½ cent to pay for needed transit and roadway investments. We believe that the funding should help support the transportation network in the region, recognizing the needs of local governments and all transit systems in metropolitan area.
- The increased rate and change in the depreciation schedule for Motor Vehicle Registration Tax included in the Senate bill should be included in the final bill to provide additional dedicated, ongoing funding needed for the Highway User Tax Distribution Fund.

Since 1893

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- The Transportation Alliance has been advocating the equalization of the Motor Vehicle Sales Tax (MVST) to 6.875% for a number of years and we greatly appreciate the inclusion of this change in HF2887. We support the House position of changing the split between Metropolitan Area Transit and Greater Minnesota transit to 34.3% metropolitan transit and 5.7% Greater Minnesota transit.

Transportation Alliance members support the full dedication of the revenue from the sales tax on auto repair parts to transportation and greatly appreciate the language dedicating all of this revenue in future years. We support the House provision dedicating 100% of the revenue starting in FY2028 and we support the Senate language providing the distribution of the revenue: 47.5% to the HUTDF, 60% to CSAH, 22% to MSAS, 9% to small cities assistance account and 9% to larger cities assistance account.

Additional One-Time Funds

The Transportation Alliance supports the Senate position authorizing \$350 million in trunk highway bonds for the Corridors of Commerce program along with \$200 million in trunk highway bonds for the state road construction program. These funds will allow for additional projects submitted for funding through the Corridors of Commerce program from local governments and stakeholders that will address documented safety and mobility problems in key corridors around the state.

We support the state matching funds for discretionary grants available under the Infrastructure Investment and Jobs Act (IIJA) along with the technical assistance for local governments \$2 million contained in both bills. We also want to ensure that the funding is distributed to needed projects throughout the four-year time period, even if applications for federal funds are not successful.

We support the Senate position of \$45M for Local Roads and \$45M for Local Bridge program, as well as the \$50 million appropriation for the Blue Line LRT project.

The Senate language including \$68 million over four years in general fund dollars for Greater Minnesota transit to match IIJA funding is extremely important for struggling transit systems. In addition, the Senate bill includes language limiting the local match requirement for transit systems in Greater Minnesota for two years. This will greatly assist local governments as rural transit systems work to build back ridership and farebox recovery.

We support the House position providing \$600,000 in the coming biennium to address speed limit enforcement in work zones. This is a critical safety issue for our members.

The Transportation Alliance also supports funding for passenger rail projects including the Northern Lights Express and additional service from Minneapolis to Chicago with funding levels needed over the next two years.

Policies

Alliance members appreciate the focus on safety in both the House and Senate bills and support the creation of an Advisory Council on Traffic Safety to explore ways to reduce crashes and fatalities and address speeding in construction work zones.

We support efforts to address the transportation sector's impact on greenhouse gas emissions, but have concerns about the proposed language 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. Additional greenhouse gas emissions developed as a result of the project will need to be mitigated by implementing transit related capital or operational improvements from a defined list as noted in the legislation.

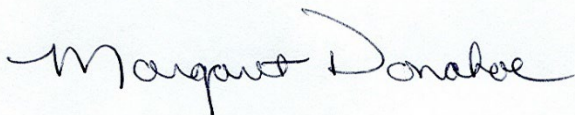
We are concerned about the potential for cost increases, delays, and litigation risks for important safety improvements. We urge the conference committee to:

- Include language that takes safety issues into account as part of the assessment process; “expand the list of mitigation actions to include existing and well-established greenhouse gas reduction strategies such as traffic signal timing optimization and alternative intersection control measures”
- With an implementation date of February, 2025, establish a working group to develop the methodology for conducting assessments and evaluating the feasibility and adequacy of mitigation options that includes county and city engineers, MnDOT and Met Council staff, Greater Minnesota Area Planning Organizations, and representatives of organized labor;
- 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 additional capacity; and
- Exempt projects eligible for funding through the Corridors of Commerce program from this assessment.

Again, thank you for all of your work this session to address the transportation funding needs for all jurisdictions and all modes. We know that the ongoing funding shortfall will continue to be a challenge, but this legislation will make a real difference in providing the funding needed to make critical safety and mobility investments all across the state.

Thank you for your leadership and commitment to Minnesota's transportation system.

Sincerely,

A handwritten signature in black ink that reads "Margaret Donahoe". The signature is written in a cursive, flowing style.

Margaret Donahoe
Executive Director