



March 20, 2023

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

RE: League of Minnesota Cities support for HF 1012 (Petersburg)-- State general sales tax revenue allocation related to motor vehicle repair and replacement parts modified, and sales tax revenue dedicated to small cities assistance account and town road account

Dear Chair Hornstein and Members of the House Transportation Finance and Policy Committee,

Thank you for hearing HF 1012, a bill that dedicates one hundred percent of the sales tax on auto parts to transportation and carves out 12 percent of the proceeds for the Small Cities Assistance Account. If enacted, this bill will provide much needed ongoing street funding for the more than 700 cities with populations below 5,000 that do not receive direct funding from the Highway User Tax Distribution Fund.

Since its creation in 2015, the Small Cities Assistance Account has only been funded four times: \$12.5 million in 2015, \$8 million in 2017, \$8 million in 2018 and \$18 million in 2021. The League has consistently requested that funding for the program be made a permanent part of the state's transportation budget so cities can plan for spending the funds.

The League of Minnesota Cities looks forward to helping advance this important legislation.

Sincerely,

A handwritten signature in black ink that reads "Anne Finn". The signature is fluid and cursive, with a prominent loop at the end.

Anne Finn
Intergovernmental Relations Director