



February 25, 2025

Members of the House Taxes Committee:

Thank you for the opportunity to present comments on House File 5 on behalf of the Minnesota Inter-County Association (MICA). MICA is a voluntary association of 17 high-growth counties, including the five metropolitan collar counties, and collectively represents over 44% of the state's population.

MICA has long advocated for sustainable transportation revenues that support a safe and efficient transportation network. We are grateful for the work done in 2023 to pass revenue increases to help narrow the funding gap between what's needed for the transportation system and what's available, especially as the costs of road construction projects continue to escalate due to inflation, workforce shortages, and new regulatory requirements. MICA is also incredibly appreciative of the 2023 bill's inclusion of new revenue streams for local governments, including the creation of the Transportation Advancement Account (TAA) and an allocation from the increase in the metro-area sales tax.

As our transportation system faces new challenges from the increases in online shopping and declining gas tax revenues, the retail delivery fee is an innovative way to support the additional wear and tear from delivery vehicles, especially as many of those fleets use hybrid and electric trucks. We do understand the concerns of the business community about the burdens of collecting and remitting the delivery fee, but those can be addressed without eliminating the retail delivery fee altogether.

We also appreciate the author's recognition that repealing the retail delivery fee creates significant holes in the TAA, which he has tried to backfill. Our metro county members are especially grateful that they are made whole. However, MICA does have concerns about repealing the fuel tax inflator and the net losses to the County State Aid Highway account over time.

Again, thank you for the opportunity to provide comments on House File 5. We look forward to continuing the conversation and being a resource to you on transportation issues as the session progresses.

Sincerely,

Amber Backhaus  
Transportation Liaison  
MICA