



Association of Minnesota Counties

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May 4, 2021

Representative Frank Hornstein
Representative Erin Koegel
Representative Luke Frederick
Representative Steve Elkins
Representative John Petersburg

Senator Scott Newman
Senator John Jasinski
Senator Jeff Howe
Senator David Osmek
Senator Karla Bigham

Dear Members of the Conference Committee:

On behalf of the Association of Minnesota Counties (AMC), a voluntary association representing all 87 counties, we want to thank you for your work on the Omnibus Transportation Finance Bill. The need for comprehensive transportation funding throughout the state is urgent. As you begin to confer on the provisions contained in HF1684, we ask that you consider AMC's positions on the following items:

TRANSPORTATION FUNDING

AMC has 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. Over the last few years, we've supported an "all of the above" approach to finding solutions for transportation funding. **We ultimately believe the solution should be comprehensive, balanced, sustainable, and dedicated and we are hopeful that a compromise will be reached this session.**

Dedicated Revenue

AMC supports the increase in the constitutionally dedicated funding sources found in the House bill; including indexing the fuel tax, increasing the rate of the motor vehicle sales tax, and changes to the depreciation schedule associated with registration fees. AMC also supports efforts to capture revenue from all users, including electric vehicles, and we support the increased surcharge for electric vehicles found in the Senate bill. The increased funding from these dedicated revenues will help address the needs on the county system and provide necessary revenue to roads, bridges, and transit.

Local Roads and Bridges

AMC also supports the general fund appropriation for the Local Road and Bridge Programs found in the Senate bill. The bonding bill that passed last fall included significant investments in these programs, but there are still plenty of local road and bridge projects statewide that would benefit from this additional funding. There are over 600 deficient local bridges that need funding over the next three years. Additionally, the most recent solicitation for the Local Road Improvement Program received over 400 applications for the funding included in last year's bonding bill – well exceeding the amount available.

Auto Parts Sales Tax Revenue

We would like to address the language in both bills relating to the allocation of the auto parts sales tax revenue. Both the House and Senate bills propose to allocate some of the auto parts sales tax revenue for small cities and

townships. While the Senate bill changes the flat dollar amount to a percentage and then allocates some of this revenue, the House keeps the flat dollar amount and reallocates the current revenue. The Senate proposal would increase the amount of revenue going to the HUTDF, which benefits our transportation needs, but it also means additional funding is being taken away from the general fund and there are many county programs that rely on general fund dollars. AMC understands the need for funding at all levels of the system, but only supports the reallocation found in the House bill if it does not result in a loss of revenue to counties. During the conference committee process and as negotiations take place, **if the new revenue in the bill is eliminated or reduced, we would oppose the reallocation of the auto parts sales tax revenue to include small cities and townships and would encourage one-time general fund revenue for these entities instead.**

TRANSPORTATION POLICY

- H1684-3 Article 6, Sections 65-67 & UEH1684-1, Article 2, Sections 44 and 45: AMC supports the language included in both the House and Senate bills to provide statutory clarification for the bridge grant program. Current law has led to some confusion as to when State Aid can award grants for bridges that are part of a larger transportation project where the total project costs exceed \$7 million, yet the grant requested to replace a bridge is less than \$7 million. Our goal is to provide clarity when awarding bridge grants by instead focusing on the total bridge cost estimate.
- UEH1684-1, Article 4, Sec. 3: AMC opposes the language in the Senate bill relating to the county responsibility for the funding of guideways. This language creates a cost shift to counties for the funding of current and future guideways, removing local control of locally raised tax dollars. This is a significant issue that needs to be addressed by all parties, and counties shouldn't be required to shoulder these costs on their own. This provision was originally included in the governor's budget recommendations and both Governor Walz and the Met Council have stepped back from this provision and no longer wish to pursue.
- UEH1684-1, Article 2, Sec. 54: AMC opposes the language in the Senate bill that would require metro counties that have implemented the local option sales tax to provide a report to the Commissioner on the use of this revenue. Counties have the statutory authority to implement this tax and before doing so must hold a public hearing and designate how the revenue will be spent. We believe counties should not be required to provide a legislative report on locally raised tax dollars.
- H1684-3 Article 6, Sec. 57: AMC has concerns with the language in the House bill which establishes a state goal to reduce vehicle miles traveled by 20% by 2050. With local governments having the largest share of lane miles in the state, there is concern with the loss of revenues that would result from this goal as well as the potential to restrict economic growth. Counties are working alongside MnDOT on the Minnesota Statewide Highway Investment Plan (MnSHIP), and we believe it would be prudent for these conversations to continue before legislative action is taken.

Again, we sincerely appreciate your consideration of our perspective. Should you have any questions about the information provided above, please don't hesitate to reach out to your local county commissioners or AMC's Transportation & Infrastructure Policy Analyst, Emily Murray, at (952) 994-8816 or at emurray@mncounties.org.

Sincerely,



Rich Sve, Lake County Commissioner
President, Association of Minnesota Counties



Emily Murray, Policy Analyst
Association of Minnesota Counties