



DEDICATED TO A STRONG GREATER MINNESOTA

**To: Chair Frank Hornstein and Members of the Committee on Transportation Finance and Policy**

**Re: Support the Small Cities Assistance Program (HF 1620 and HF 1147)**

**Date: March 16, 2021**

Chair Hornstein and Members:

On behalf of the Coalition of Greater Minnesota Cities (CGMC), I urge you to fund the Small Cities Assistance Program in this year's transportation finance bill and thank Rep. Lippert (HF 1620) and Rep. Bjorn Olson (HF 1147) for bringing forward the two bills on the committee's agenda to do that.

As the committee is aware, cities with populations of less than 5,000 receive no dedicated assistance from the state to help pay for the maintenance of city streets. Since its creation in 2015, the Small Cities Assistance Program has been an important and popular tool to address that gap in our transportation funding system. However, because the program lacks a dedicated funding source, it relies on the Legislature to appropriate general fund dollars to it every two years — if it is to see any funding at all. HF 1620 and HF 1147 both aim to make sure that small cities are not left behind this biennium.

Not only is funding needed for the Small Cities Assistance Program, but it is particularly important that the state adopt a dedicated, reliable funding source to sustain it. Since the program has only been funded sporadically in recent years, small cities are not able to plan for those dollars or build them into their capital improvement plans. With that in mind, the CGMC appreciates that Rep. Lippert's HF 1620 would address this by committing a steady, dedicated stream of funding to the program.

Of course, the CGMC continues emphasize the need for a comprehensive, balanced, multi-modal transportation package that includes new revenues to help our state and cities of all sizes keep pace with mounting infrastructure needs. With nearly 83% of Minnesota's cities receiving no state support for their local street systems, there is no doubt the issue of small-city streets deserves special consideration. A dedicated funding stream for the Small Cities Assistance Program, like in HF 1620, is a long-held goal of the CGMC. However, we are concerned that if the bill were to pass on its own, outside of the context of a larger transportation package with other new investments, it would be harmful to other local governments because it would reduce the dollars that flow through the Highway User Tax Distribution Fund to counties and larger cities.

We thank Representatives Lippert and Olson for bringing forward these bills and thank the committee for devoting time to this important discussion. We encourage the committee to fund the Small Cities Assistance Program in its final transportation bill, alongside other investments in our transportation system to ensure that all local governments can benefit.

Sincerely,

Shane Zahrt

Government Relations, Flaherty & Hood, P.A.

On behalf of the Coalition of Greater Minnesota Cities