



LEGISLATIVE PRIORITIES

- **Provide State Appropriations to Fund Federal IJA Match Requirements that are then Sustained by Comprehensive Funding from Constitutionally Dedicated Revenues for Roads & Bridges and Dedicated Transit Funding**
- **Appropriate \$200 Million in Bonds for the Bridge Replacement Program and \$250 Million for the Local Road Improvement Program and Grants**
- **Establish Base Funding for the Local Road Wetland Replacement Program**
- **Retain the Distribution of the Proceeds from the Sales Tax on Leased Vehicles Established in 2017**

Platform Background & Overview

Building and maintaining a safe and well-integrated transportation system that efficiently moves people and products is a basic responsibility of government. This responsibility is shared by federal, state, and local governments. During the 2022 session, we were poised to improve Minnesota's position on county road and bridge funding significantly; however, the Legislature failed to vote on the key bills. Minnesota counties, for example, have jurisdiction of more than 44,589 of our State's 141,956 miles of roads and highways. Counties and other local governments oversee 16,017 bridges or 80% of all bridges in the state. The 2020 MnDOT Bridge Annual Report states that, of these bridges, 9,565 are deficient, 786 are in poor condition, and 1,438 have restrictions on the weight/size of a vehicle that can cross it. Counties also provide bus services and are heavily involved in the design, construction, and operation of Light Rail, commuter rail, and freight rail systems. Together with state highways, this local infrastructure forms a cohesive mobility network that powers our state and regional economies.

Recognizing that highways, roads, and bridges form the backbone of this crucial network, the Minnesota Constitution exclusively dedicates proceeds from three primary funding sources to roads and bridges across the state—motor fuels (gas) tax, vehicle registration tax (tab fees), and a portion of motor vehicle sales tax (MVST). Those sources account for 92% of state transportation system funding. But constitutionally dedicated sources have been declining when adjusted for inflation. When combined with rapidly aging infrastructure and rising inflation, the result is a growing gap between transportation infrastructure needs and available resources. In 2015, the Republican House and the DFL Senate publicly agreed the size and scope of Minnesota's Transportation infrastructure crisis was \$6 billion over 10 years just for state highways, which is now estimated to be \$8 billion. Including both state highways and state-aid eligible local roads, the annual gap in funding is estimated at over \$1 billion annually. Additionally, those estimated funding needs are now generally presumed to be outdated and less than the true need.

In 2017, the legislature redirected revenue from the taxation of auto parts and rental cars to highway funds. In 2020 and 2021 progress was made utilizing bonding and cash to increase funding to bridges by \$44 million, and local roads by \$75.5 million. Also, \$12 million for town roads and \$18 million for small city streets. However, no progress has occurred related to Minnesota's three primary funding sources. Recent passage of the federal Infrastructure Investment and Jobs Act (IIJA) will provide a long-overdue increase in federal funding. However, increased state and local investment will be needed to fully leverage those IIJA dollars. State funding to meet local match requirements will help communities overcome the backlog of repairs needed and to create and maintain a statewide transportation system that will foster our future economic vitality.

Provide State Appropriations for Federal IIJA Match Requirements that are then Sustained by Comprehensive Funding from Constitutionally Dedicated Revenues for Roads, Bridges and Dedicated Transit Funding

A safe and well-functioning transportation system is vital to Minnesota's economic success and quality of life. Our roads and bridges move millions of people and goods and services valued in billions of dollars daily. They are essential for public safety, attracting and sustaining economic investment, reaching regional, national, and international markets, and accessing education, health care, and recreation. Unfortunately, much of the state's transportation infrastructure is not up to the job. A growing portion of the system needs to be retooled to ensure resiliency in the face of increased severe weather events. Further, the time Twin Cities commuters and shippers spend stuck in traffic is growing. There are some projections that indicate commuters will spend nearly a third of their drive time in congested conditions by 2028. According to a study done by TRIP, a national transportation research nonprofit, Minnesota ranks 14th in the country for congested urban interstates, and 17th for interstate pavement in poor condition.

Passage of the \$1.2 trillion bipartisan IIJA law offers the realistic potential for Minnesota to address its infrastructure backlog and maintain the transportation system, if adequate state and local funding is in place to sustain investments over time. Under IIJA, Minnesota will receive substantial revenue highlighted by \$4.8 billion over 5 years for roads, and \$800 million for bridges. A portion of that \$4.8 billion was already part of the forecast baseline, and about 30% is anticipated to be new. Much of the new revenue will be distributed through existing programs, which have typically allotted 70% to state trunk highways and 30% to local governments. A 20% match is also needed to receive the full federal allotment. MICA, in coordination with other local partners, encourages the legislature to ensure that an adequate portion of the money is distributed down to counties, that counties and other local governments have adequate matching funds to fully utilize IIJA, and that dedicated state funding is set at a level which sustains infrastructure investments after federal IIJA funds taper off.

Reasonable estimates indicate the state highway system funding is at least \$1.1 billion short of what is required each year¹, or about \$5.5 billion of unmet need over the same timeframe as the IIJA funding. Comprehensive solutions must integrate and address rural, suburban, and urban highways, roads, and bridge systems; metro and greater Minnesota transit; freight systems; and multi-modal transportation options.

¹ At the same time, the gap between the public resources available to provide a state transportation system capable of meeting our current and future needs are contracting. The projected highway system needs do not reflect a Cadillac system. It anticipates as much as 10% of pavement will be in poor condition on portions of the system.

The bottom line: constitutionally dedicated revenue resources—which can only be used for road and bridges—are essential to providing the adequacy and certainty of funding needed to thoughtfully plan, and cost-effectively execute, strategic investments in Minnesota’s transportation infrastructure. MICA encourages the legislature to implement a comprehensive funding increase that appropriately balances the needs of all aspects of the transportation system.

Constitutionally Dedicated Transportation Funding Sources					
	Gas Tax Options			License Tab Fees	MVST
Rate Change	\$0.01 “a penny”	\$0.05 “a nickel”	\$0.10 “a dime”	5% increase	0.5% increase
New Revenue	\$30 Million	\$150 Million	\$300 Million	\$34.0 Million	\$38.9 Million

In addition, traffic congestion in Minnesota’s metropolitan areas continues to increase, and it will be impossible to build enough highways to provide 100% of future transportation needs. Similarly, regional transit systems are integral to the economic and social well-being of communities statewide. Consequently, a comprehensive funding package should adequately fund expanded transit options such as bus rapid transit and additional capacity, as well as funding increasing transit needs in greater Minnesota.

State investment in needed transportation infrastructure is urgently needed to fully leverage the IJA and support Minnesota's competitiveness in the global economy. The IJA now offers the opportunity to make those investments at a level that will prevent Minnesota's people and businesses from falling behind their competitors in other states and nations. To ensure sustainable funding, enactment of a comprehensive transportation funding bill that provides a minimum of \$600 million per year of permanent new money for state highways, and at least \$450 million for counties remains the goal.

Fund the Backlog of Deficient Bridges in the Local Bridge Replacement Program

MICA recommends that the 2023 Legislature appropriate \$200 million of bonds for the local bridge replacement program.

Minnesotans and our visitors rely on nearly 20,023 bridges to get to work, go to school, and recreate. Those bridges are also essential for transport of the products and services we produce and consume. Local government jurisdictions oversee over 15,224 of those bridges. Over 852 of the state’s bridges are considered structurally poor, 373 of which are county bridges in need of significant repair, meaning they are no longer capable of safely and efficiently serving existing traffic. Further, every year local bridges continue to age and decline, and more of them reach the point of required repair or replacement.

Recognizing the critical role bridges play in the state’s transportation system, the 1976 state Legislature created the Local Bridge Replacement Program (LBRP). The program has historically been funded by general obligation bonds to assist local governments by providing critical funding to replace or rehabilitate the state’s deficient and obsolete bridges. But funding has been inconsistent and inadequate over the past decade with the condition of state and local bridges falling behind as a result.

Between 2008 and 2014, significant funding was provided every other year. Since then, however, significant funding was provided in only one year. The recent approval in 2021 of \$30 million in general-obligation bonds for local bridges plus \$14 million from MVLST, totaling \$44 million, was greatly needed. Substantial new transportation funding awaits if the legislature can complete its work in late 2022 or 2023.

Local Bridge Replacement Program Funding Has Not Kept Pace with Needs												
Years of Zero Funding Especially Contribute to Growing Backlog*												
	2008	2009	2010	2012	2014	2015	2017	2018	2019	2020	2021	2022
State Bond Amounts <i>(in millions)</i>	\$51.5	\$10	\$66	\$30	\$33	\$7.4	\$49.3	\$5.0*	0*	\$86.2	\$30	\$0
Number of Projects	133	6	232	129	49	23	80	22	0	??	115	??
* <i>\$12.6 million was also made available in 2018-19 from a portion of the proceeds from motor vehicle lease sales tax (MVLST). To date, 37 local bridges have been funded.</i>												

The bridges awaiting rehabilitation or replacement are located throughout the state – north, south, east, and west; county, city, and township; predominantly greater Minnesota but also in the metro area. The waiting list is merely the “tip of iceberg” as many counties wait to invest in the engineering work that is a prerequisite to submitting bridge projects that would easily qualify for the list but for the lack of funding. Finally, consistent, and robust funding for local bridge repair and replacement would not only address critical safety and capacity issues but also provide a timely and needed infusion of economic stimulus and jobs. Such investment would create positive economic spin-off benefits for communities across the state.

Fund the Local Road Improvement Program and Grants

MICA recommends that the 2023 Legislature fund \$250 million for the Local Road Improvement Program (LRIP).

This program benefits counties, MSA Cities, small cities, and townships. The LRIP was created in 2002 to assist local agencies with constructing and reconstructing local roads. LRIP funding, however, has been lagging in recent years despite growing needs and despite the appropriation of trunk highway bonds for state highway projects only.

Many counties face the same funding pressure as the state related to capacity expansion, congestion reduction, interchanges, and required match for federal funding. Inadequate LRIP funding—combined with inadequate flow of constitutionally dedicated transportation funding—leaves counties struggling to maintain safe and convenient roadways on key regional corridors. County highways connect farms and markets, manufacturers and shippers, and employees and employers. These critical connectors warrant state support and LRIP is specifically designed to provide essential funding allocated to local projects based on objective, competitive criteria aimed at creating a safe, well-integrated statewide network.

Establish Base Funding for the Local Road Wetland Replacement Program (LRWRP)

MICA recommends that the 2023 Legislature establish base funding for local road wetland mitigation administered by the Board of Water and Soil Resources (BWSR)

In October 2020, the legislature passed a robust state bonding bill that appropriated \$23 million for LRWRP, including \$15 million GO-bonding and \$8 million General Fund cash. At the time the bill passed, there was an immediate urgency for funding this program because the nearly total depletion of available wetland replacement credits statewide was threatening delay or cancellation of the 2021 spring construction season. Projects impacting wetlands cannot proceed without replacement wetlands being available. The direct General Fund appropriation was necessary because past failures to adequately fund the program with bond monies precipitated the urgent need to purchase private wetlands in the near-term instead so state and local projects could stay on schedule.

The Legislature established the Local Road Wetland Replacement Program (LRWRP) in 1996. Under this program, local road authorities are required to report wetlands lost due to improvements and reconstruction of existing local roads (wetland impacts of entirely new local roads must be paid for by the local government). The lost wetlands reported to the state are replaced by BWSR using the funds appropriated for the LRWRP. Historically, LRWRP has been funded entirely with general obligation bonds, allowing the costs of those very long-term capital investments to be spread over twenty years. In the early years of the program, regular allotments kept this program on an even keel. More recently inconsistent and inadequate funding levels have resulted in significant uncertainty for local road replacement planning, and the problematic need to purchase higher-cost wetlands on short notice to keep projects moving. MICA recommends the legislature establish an adequate base of \$20 million for this program to ensure reliable funding is available on an ongoing basis.

Retain the Distribution of the Proceeds from the Sales Tax on Leased Vehicles Established in 2017

MICA urges the 2023 Legislature to retain the current distribution of the Motor Vehicle Leased Sales Tax (MVLST). This dedication was established by the 2008 Legislature and re-established and expanded by the 2017 Legislature. MICA supports the current distribution formula which provides:

- 38% to greater Minnesota Transit
- 38% to the suburban counties
- 13% to local bridges
- 11% to the highway user tax distribution fund

The portion of MVLST revenue distributed to the suburban counties helps address transportation infrastructure needs directly related to significant population growth. These needs are well beyond what traditional financial resources, such as county state aid, can provide. In addition, these counties utilize their self-enacted transportation sales and use taxes to help solve budget challenges related to both local and trunk highway improvement projects. Suburban public transit will also benefit because transit vehicles operate on the same roads and bridges. Greater Minnesota Transit needs this dedicated revenue because their budgets are tight and the services they provide are in high demand by seniors and others. The continued need for bridge repair is universally recognized.

Transfer 100% of funds from Sales Tax on Auto Parts from the General Fund to the Highway Users' Tax Distribution Fund

MICA urges the 2023 Legislature to fully transfer the proceeds from the sales tax on auto parts to transportation and consider fully transferring those revenues to transportation purposes once the economy recovers.

The 2017 Legislature instituted a new policy of transferring general funds to transportation. The revenue comes from the proceeds from the sales tax on auto parts. However, only \$145.6 million is transferred with the remainder of those revenues collected each year remaining in the General Fund. We urge the transfer to be fully implemented.

Improve the Eminent Domain Appraisal Process for Property Owners

MICA urges the 2023 Legislature to revise Chapter 117, the Eminent Domain Law, to mitigate the unintended consequences of the statute which provides procedures, definitions, remedies, and limitations on condemning authorities when exercising the power of eminent domain for public use or public purpose.

MICA recommends changing the deadline for an owner to provide their appraisal from 5 to 45 days before the Commissioners Hearing. The Condemning Authority shall then have 30 days from the receipt of the Owner's appraisal to provide the Owner a revised last written offer.

The 2006 revisions to the eminent domain law have resulted in a significant cost increase to taxpayers related to attorney fees and interest payments incurred by agencies implementing public transportation improvements. This has resulted in an unintended and unreasonable burden on transportation funding. It has also prevented public authorities from responding with a new, higher offer when legitimate issues are raised by the owners' appraisal in a timely manner, so the owner doesn't incur unnecessary or additional litigation costs. Wholesale rewrites or challenges will likely be unsuccessful given the political sensitivity with the law. However, discussion and controversy remain in several areas including: attorney's fees, owner appraisals, land commissioner qualifications, response to offers, and timing and schedules.

Maintain Current Law Related to Setting Speed Limits on County Roads

MICA supports and recommends continuation of policies that maintain the MnDOT Commissioner's role in setting speed limits.

In 2019, the legislature approved provisions allowing Minnesota cities to determine speed limits on municipal streets in certain circumstances rather than maintain the default state speed limit for municipal roads unless alternate speed limits are determined following a long-standing process utilized by MnDOT to analyze speeds and recommend safe speed limits. Processes for setting speed limits are being changed at both the national and state level to better incorporate roadway context into setting the limits. A consistent and uniform state process is essential to setting safe and reasonable speed limits. MICA encourages the state to maintain current law and MnDOT processes for determination of speed limits for county and town roads.

Provide Transit Funding

MICA recommends that the 2023 Legislature provide sufficient funding to maintain existing transit systems and provide a funding source for expanded transit options including capital and operation costs that does not have a negative impact on highway funding. The law prohibiting further studies along the Dan Patch corridor should be repealed.

Traffic congestion in Minnesota’s metropolitan areas is increasing, and it will be difficult to build enough highways to provide 100% of future transportation needs. The 2021 Transportation Funding Bill provided approximately \$60 million. An additional \$165 million in the 2022/23 biennium will be needed to meet existing transit capital and operating needs in the metro area.

Furthermore, in Greater Minnesota, citizens increasingly rely on transit services for their mobility needs. Minnesota counties are working together to develop a comprehensive transit system, which will include light rail, commuter rail, and busways. Property taxes should not be the primary funding source for these expanded transit options. General operating costs for transit in the metropolitan region should continue to be paid for by fares and the state’s general fund.

Provide State Support for Funding of Turnback Roads

MICA supports the current allocation of the Flex Account for turnback roads and encourages the 2023 Legislature to increase funding for the Highway User Tax Distribution Fund to further increase funding of the turnback roads.

- MICA recommends additional funding for the cooperative transfer (turnback) of highways to the most appropriate jurisdiction via increases in the Highway User Tax Distribution Fund discussed elsewhere in these recommendations. State funding should eliminate any immediate maintenance issues and bring the roadway to current standards.
- MICA supports the current distribution of the 5% “Flex Account” to improve highways that have been transferred from state to local jurisdiction. These highways are major thoroughfares within the affected communities, typically beyond a reasonable lifespan, and often do not meet standards. These roads cannot be reconstructed or modernized without the Flex Account.

Assure the Integrity of the Highway User Tax Distribution Fund (HUTDF) and Oppose Efforts to Divert Revenues Dedicated to Transportation.

MICA opposes reducing the portion of the Motor Vehicle Sales Tax revenue that goes into the HUTDF to less than 60%. Programs and services that are not directly related to paying for the cost of the state’s road and highway systems should be funded from the State General Fund. The MICA Board of Directors further opposes any efforts to divert state revenues currently dedicated to transportation to other purposes.

The Highway User Tax Distribution Fund is a constitutionally dedicated source of stable and dependable funding for state and local highways. Current funding levels are inadequate to meet maintenance demands, let alone the need for new or substantially improved highways in growing areas of the state. The state Trunk Highway Fund presently funds non-transportation programs and services provided by several different state departments and agencies, including Natural Resources, Public Safety and Revenue. Trunk highway dollars should be spent only for constructing, repairing, maintaining, and administering the trunk highway system.

Require State Water and Wetland-Permitting Agencies to Implement Recommendations to Streamline the Water and Wetland Permitting Process

MICA recommends the 2023 Legislature assure that the state wetland and water permitting agencies continue to implement recommendations to streamline the wetland and water permitting process for transportation projects.

The state water and wetland-permitting agencies were required to report findings and recommend streamlining initiatives to the legislature in 2013. MICA believes continued implementation of the recommendations of the agencies' Water Permit Streamlining for Transportation Projects Committee will enhance process efficiency without sacrificing the necessary oversight that all stakeholders agree protects Minnesota's natural resources. The recommendations were not meant to change "what" the state evaluates when issuing a permit but "how" potential projects get evaluated. Counties believe that improving the "how" can go a long way toward making the process more efficient for all agencies involved without sacrificing the oversight that all agree is important.

MICA remains supportive of 2017 legislative actions requiring further study toward state assumption of the federal section 404 wetland permitting program currently administered by the Corps of Engineers. The study will hopefully provide a path forward to better coordinate the state and federal wetland permitting programs. The Corps' recent issuance of a general permit for projects impacting three acres or less of wetlands was a helpful development that will speed up the construction of transportation projects.

Make Unprotected Railroad Crossings Safer

MICA supports bonding authorization to provide appropriate safety infrastructure on paved and gravel county highway/main line railroad crossings that currently lack safety mechanisms. MICA further supports MnDOT's agency capital budget request for this purpose.

Improvements to railroad crossings should be eligible for funding under the Local Road Improvement Program. There are currently 167 paved and unpaved county highway/main line railroad crossings that lack crossing lights and gates in Minnesota. These unprotected crossings constitute a major safety hazard for Minnesota motorists. Funding for railroad crossing improvements should supplement, not offset, state and federal funding for the local road and local bridge improvement programs.

No Additional Increase in Truck Weights in 2023

MICA recommends no changes in truck weight limits.

The nation's infrastructure is crumbling. Heavier trucks, such as heavily laden semis with the standard 18-wheel configuration, accelerate the deterioration of our roads and bridges. The current fees and taxes levied on such trucks do not offset the resulting costs of maintaining our infrastructure. However, heavier trucks increase transportation efficiency. There is a possibility that different configurations (additional axles and wheels) can minimize additional road damage but even trucks with those different configurations still pose significant safety and structural issues for bridges.

Another truck-weight concern that ultimately needs to be addressed is the effect of the current, lower-than-state weight limits on the interstate system. The various exceptions to general weight limits in state statute, combined with the interstate's lower weight limits route heavier trucks onto county roads to bypass the interstate restrictions and cause further damage on county roads as a result.

Keep Local Decision-Making Authority on Seasonal Road Restrictions

MICA supports keeping the ability to make decisions regarding seasonal road restrictions with individual road authorities.

There have been repeated attempts to expand the number of exemptions to seasonal load restrictions in recent legislative sessions. There appears to be an incomplete understanding about the need for seasonal load restrictions by some affected haulers.

Springtime is a critical period for Minnesota's roads because roadbeds are in a weakened condition during and after the thawing process. Springtime road restrictions are used to preserve the investment made in the road infrastructure. Current load restriction postings are based on long-term experience and the latest technology. With the current level of funding, road authorities cannot increase the load-carrying capacity to meet the needs of haulers; thus, seasonal road restrictions are necessary. Individual road authorities responsible for maintaining those roads can make the best decisions to determine if and when restrictions should be imposed.

Maintain Local Decision-Making Authority on Road Right-of-Way Matters

MICA supports local autonomy and decision making through locally elected authorities as related to management of public land and rights-of-way under county jurisdiction.

There have been repeated attempts by state agencies and special interest groups to control and/or direct decision making related to management of highway right of way. While MICA will continue to coordinate efforts to work with state agencies, we believe that decisions about how to manage and maintain land and right of way under county jurisdiction are best determined by locally elected county boards in consultation with their professional staff.