



February 24, 2025

Chair Davids, Lead Gomez, and members of the House Taxes Committee,

I am writing to express concerns about HF 5 (Joy). Specifically, I am concerned about the impacts of Section 8 of the bill that would reduce the percentage that the Metropolitan Council receives of the regional transportation sales tax from 83% to 74%.

The ramifications of HF 5 on the regional transit system would be substantial. Using the estimates from the November 2024 forecast, the Council would receive approximately \$200 million less over the next 4 years if this bill were to pass. That number would increase in later years and would have significant impacts on the financial position of the Council to fund critical transportation activities. This would impact the Council's ability to fund critical transit safety initiatives, improvements to the customer experience, plan for long-term capital maintenance needs, and support the operations and expansion of transit services.

When the regional sales and use tax was passed by the legislature and enacted into law in 2023, the Metropolitan Council agreed to take on the transit operating expenditures for which the counties were previously responsible. The Council also agreed to use the sales tax revenue to pay for ongoing capital maintenance. It is critical that the Metropolitan Council receive adequate funding to maintain the levels of service required by these additional responsibilities. These transit operations benefit communities in each of the seven counties of the metropolitan area.

The diversion of regional sales tax funds would have immediate and long-term consequences in our ability to fund the regional transit system that would negatively impact everyone who lives in or visits our region. This diversion of funds would undermine the intended purposes of the sales tax and would create a structural budget deficit in a place that is currently fiscally balanced.

We strongly oppose this bill.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Charles A. Zelle'.

Charles A. Zelle

Chair, Metropolitan Council