



May 4, 2023

RE: Retail Delivery Fee – HF2887

Dear Members of the Conference Committee for the Omnibus Transportation Budget bill:

We are writing to urge your support for the retail delivery fee included in the House Omnibus Transportation Budget bill (HF2887). Fees on retail deliveries, like the one in Colorado, offer a new way to achieve sustainable transportation funding. They ensure delivery vehicles, which are often heavier, make frequent trips, and put additional wear and tear on roads and bridges, contribute to infrastructure maintenance and improvements.

With the advent of more fuel-efficient motor vehicles and increased use of all electric vehicles which do not pay the state or federal fuel tax, new user fees are needed to maintain and improve existing roads and bridges.

We appreciate the work the House Transportation Committee has done to provide an innovative transportation user fee that will keep up with inflation and will increase revenue available to repair roads and bridges. The committee has worked to address a number of concerns raised.

- Businesses are not required to collect the fee directly from customers. They may simply pay the fee.
- The fee is charged once for delivery orders regardless of how many deliveries are needed for one order.
- The fee is exempt from the state sales tax so the fee is not added to the cost of a purchase prior to application of the sales tax.
- There are a number of exemptions contained in the House language: small businesses do not need to pay the fee, purchasers who are exempt from paying the sales tax and purchases that are not charged the sales tax are all exempt.
- The revenue is directed to local governments as well as state highways to compensate for damage to city, county and township roads.
- Paying the fee is very similar to paying the state sales tax and does not require a costly new system for the Department of Revenue to collect this fee.

With the huge funding shortfall all jurisdictions face in trying to meet road and bridge needs, the delivery fee contained in the House version of the Omnibus Transportation Funding bill is absolutely needed. **We urge members to include this provision in the final budget bill that is sent to Governor Walz.**

Minnesota Transportation Alliance
 Associated General Contractors of MN
 Association of MN Counties
 City Engineers Association of MN
 Concrete Paving Association of MN
 Hennepin County
 League of MN Cities
 LiUNA
 Metro Cities
 MN Asphalt Pavement Assn

MN Association of Area Agencies on Aging
 MN Association of Townships
 MN County Engineers Assn
 MN Inter-County Assn
 MN Public Transit Assn
 MN Rural Counties Caucus
 MN Small Cities Assn
 North Central States Regional Council of Carpenters