



Transportation In Minnesota

Support for Raising Taxes

- ❖ Tax concerns have limited progress. From 1989 to 2008, no increase in the gas tax
- ❖ Big milestones: 2006 Constitutional Amendment to dedicate MVST; 2008 Transportation Bill increased fuel tax, tab fees and allowed metro sales tax (CTIB)
- ❖ The rest of the history of transportation funding has been: Incremental Progress or no progress

Recent History: 2013-2014

- ❖ In 2013 and 2014 Sessions DFL controlled: Governor's office, House and Senate
- ❖ Outcome: \$300M in trunk highway bonds for Corridors of Commerce program
- ❖ Debt service has to come out of existing revenues in the Trunk Highway Fund

We'll Do Transportation Next Year

Recent History: 2015-2016

- ❖ In 2015 and 2016 Session: DFL Governor, DFL Senate, GOP House
- ❖ Outcome: Gridlock
- ❖ Discussion of a compromise that would involve dedicating the sales tax on auto parts through a constitutional amendment and increasing the metro sales tax by ¼ cent

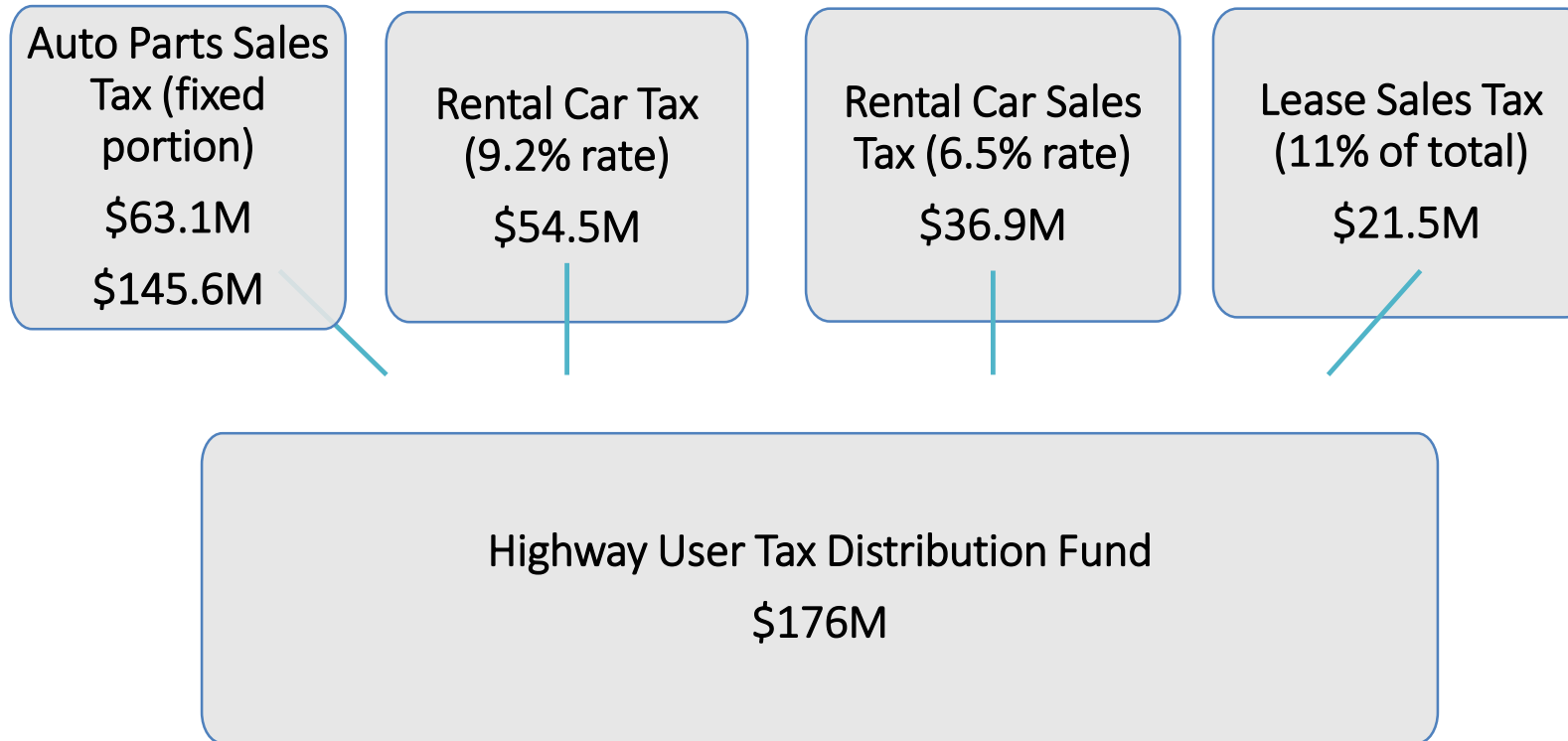
We'll Do Transportation Next Year

Recent History: 2017-2018

- ❖ 2017 Legislative Session: DFL Governor, GOP Senate, GOP House
- ❖ Outcome: Some Increased Funding
- ❖ Statutory dedication of 100% of sales tax on leased vehicles (\$64M), sales tax on rental vehicles (\$98M), partial dedication of sales tax on auto parts (\$63M), increase in general fund appropriation for Metro Transit (\$70 million)
- ❖ THB – Corridors of Commerce (\$300M + \$100M cash) and State Road Construction (\$640 million)
- ❖ CTIB Dissolution – Metro Counties can levy up to ½ cent local option sales tax

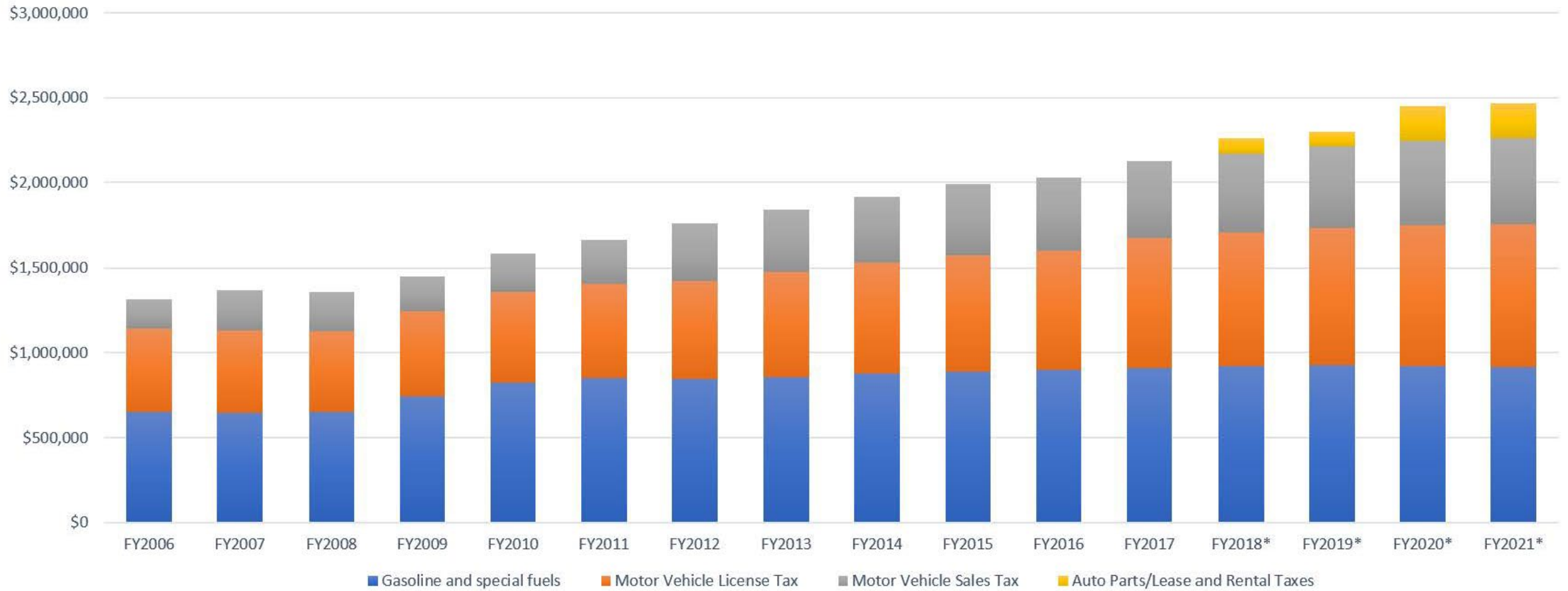
Dedication of Motor Vehicle-Related Sales Taxes

FY2018-19



HUTDF - Revenue Sources

*Estimate



Capital Bonding Bills – 2017 & 2018

2017 Capital Bonding bill

- \$49 million Local Bridge Program
- \$115.9 million Local Road Improvement Program
- \$20 million Transitways
- \$71 million rail grade separation
- \$5 million local road wetland mitigation
- \$5 million port development

Capital Bonding Bills – 2017 & 2018

2018 Capital Bonding bill

- \$63.6 million Local Road Improvement Program
- \$5 million Local Bridge Program
- \$22 million rail grade separation
- \$6.7 million local road wetland mitigation
- \$5 million port development
- \$400 million THB – Corridors of Commerce

2019 Legislative Session



❖ Transportation Funding: To Tax or Not To Tax –

Raise gas tax or use surplus

- GOP Message: With a \$1 Billion surplus, doesn't make sense to raise taxes for transportation at all. No surplus funds proposed for roads and bridges.
- DFL Message: transportation needs new revenue and the state needs the sales tax revenue previously dedicated to roads back in the general fund for other purposes.

2019 Legislative Session

- **Governor Walz Proposal**

- Increase fuel tax 20-cents per gallon over 2 years (5 cents – 4 times) and index to CPI, Increase motor vehicle registration tax
- Impose a new 1/8 cent sales tax in the 7-county metro area for transit
- Increase MVST from 6.5% to 6.87%
- Authorize \$2 billion in trunk highway bonds
- Undedicate sales tax on auto repair parts, rental vehicles and \$32 million of leased vehicle revenue

What You Will Hear



- DFL – No progress made. Will need to deal with transportation in the future.
- Governor – I put out my plan. Republicans will need to respond.
- GOP – Transportation is receiving billions of dollars with no increase in taxes/We stopped the 70% increase in the gas tax

We'll Do Transportation Next Year

Local Governments Bearing The Burden

➤ Property Taxes

- On average, about 30% of county, city and township levies have been for roads between 2005 and 2016.

➤ Local Option Sales Taxes

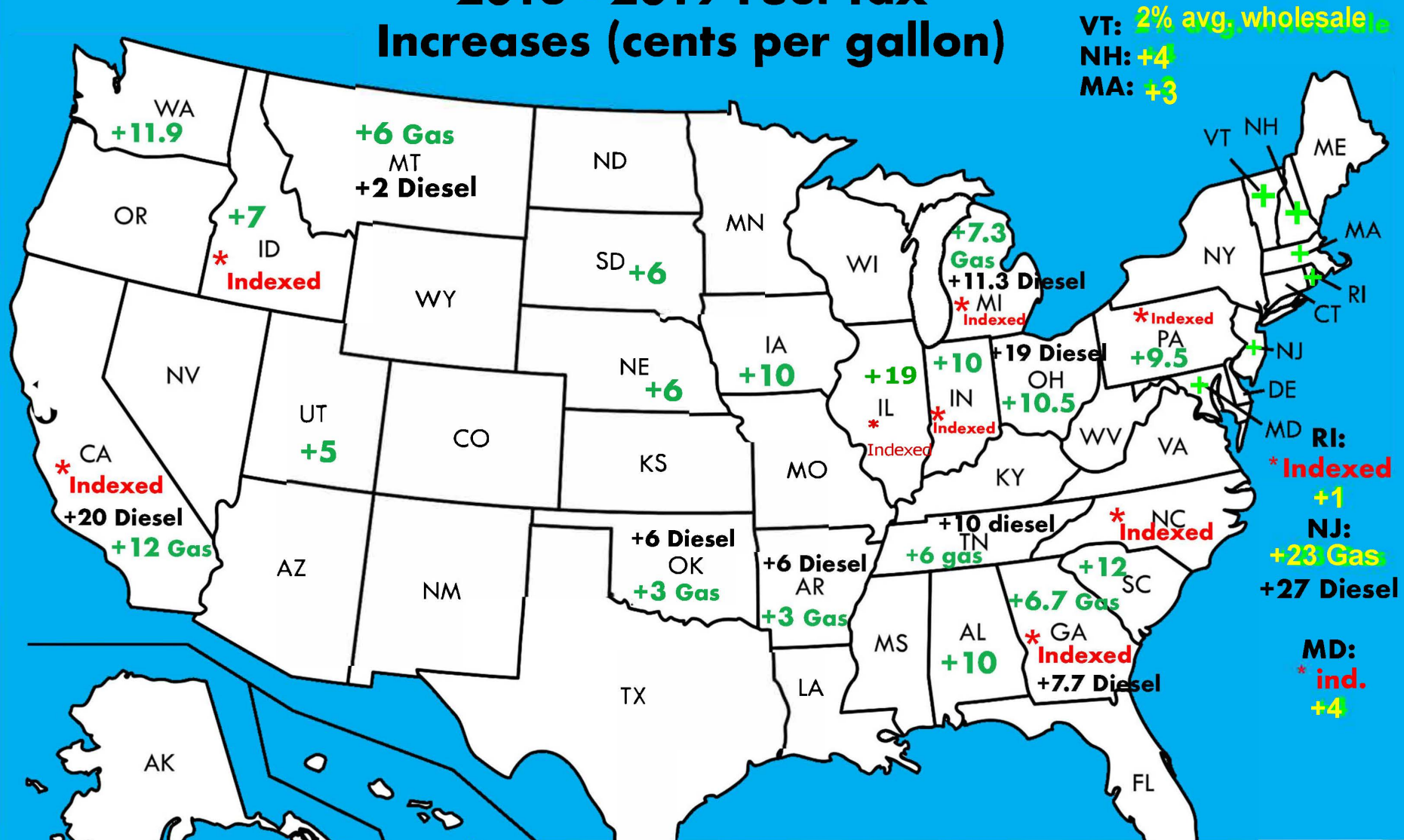
- 48 of 87 counties have voted to levy a local option sales tax for transportation purposes. 2018 Revenue - \$333.6 million

➤ Wheelage Taxes

- 52 Counties have implemented a wheelage tax

➤ Taking the lead/contributing to State Trunk Highway projects - \$26.8M 2019, \$25.8M 2020

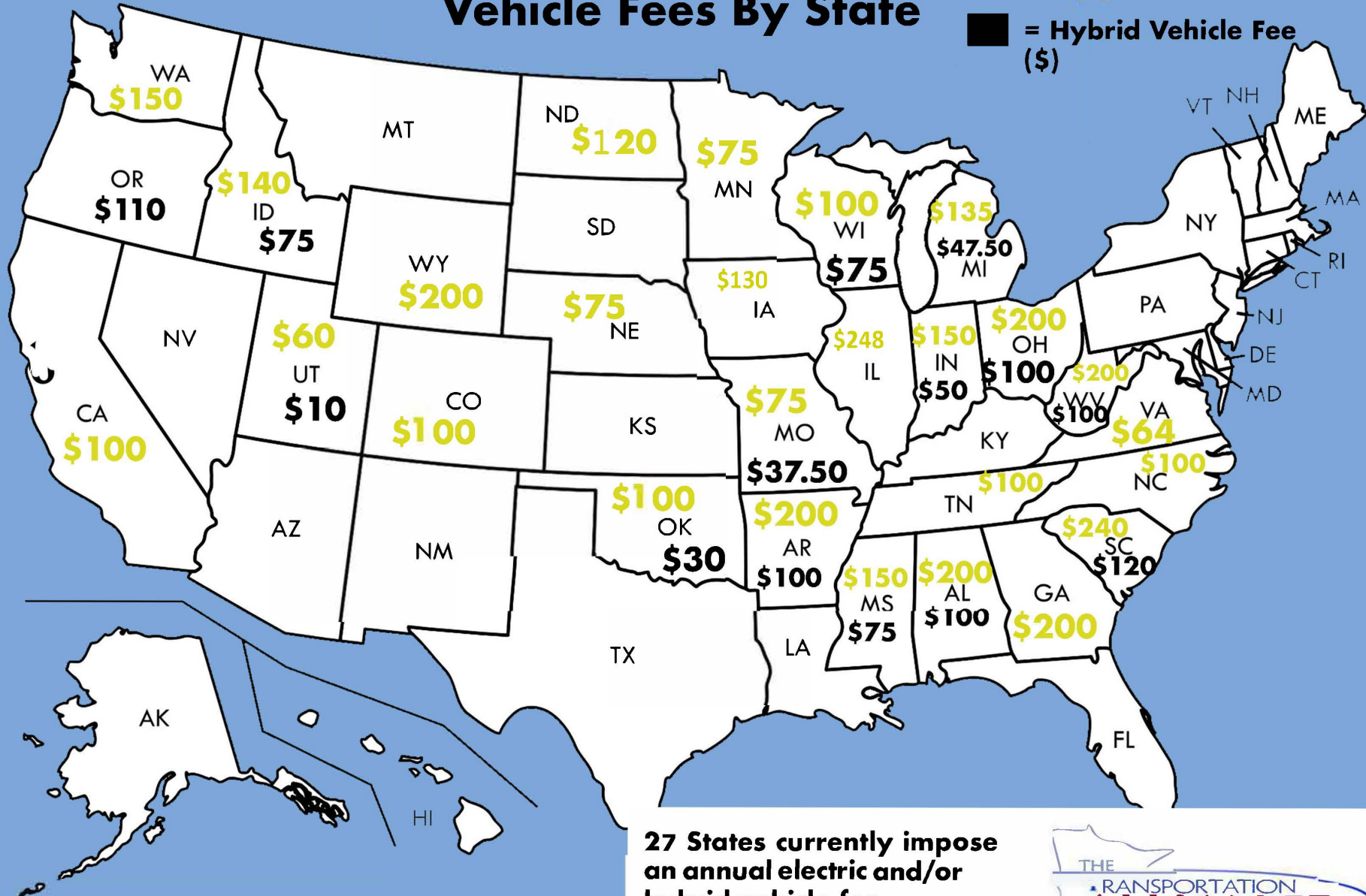
2013 - 2019 Fuel Tax Increases (cents per gallon)



2019 Hybrid & Electric Vehicle Fees By State

 = Electric Vehicle Fee (\$)

 = Hybrid Vehicle Fee (\$)

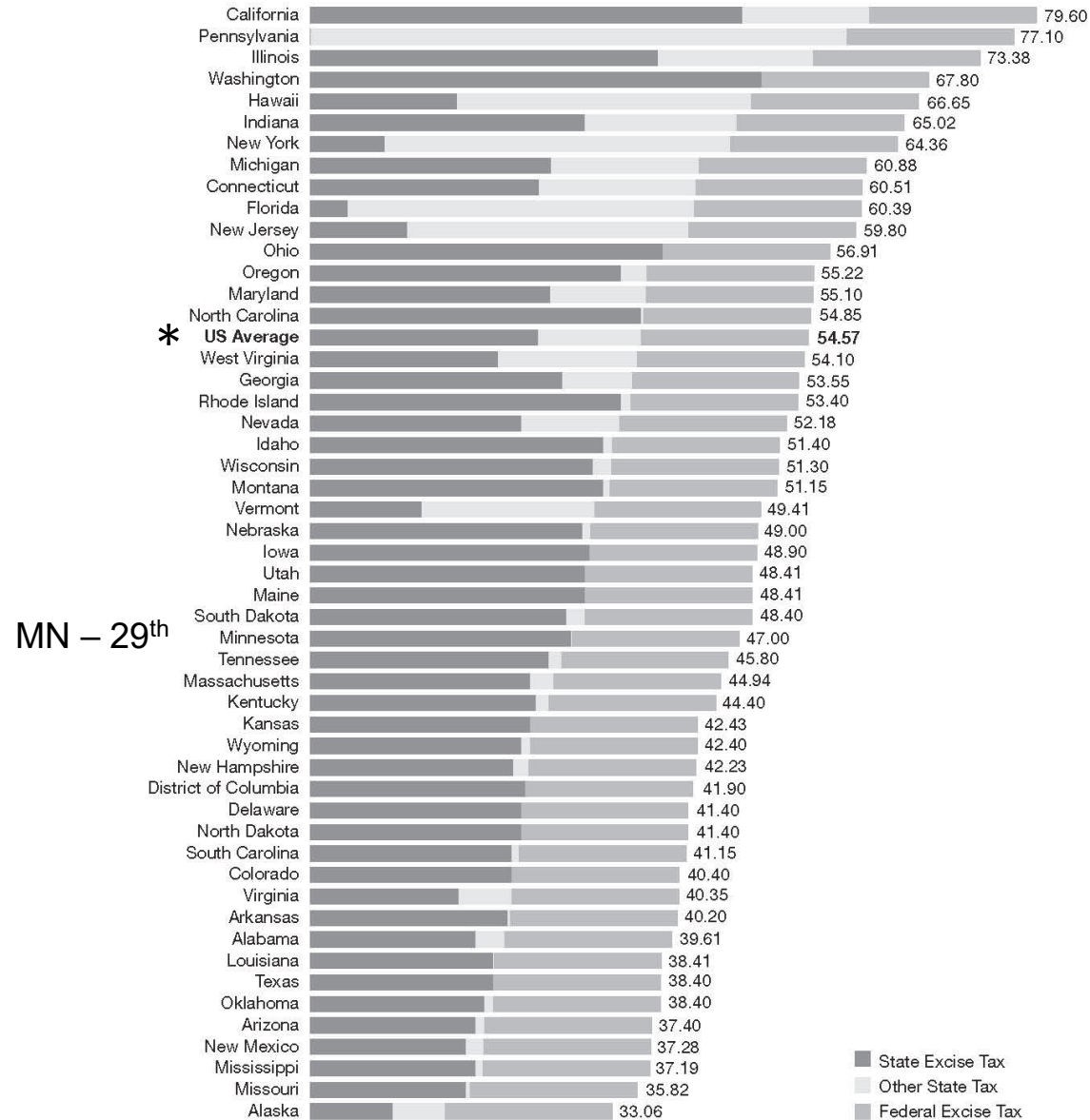


27 States currently impose an annual electric and/or hybrid vehicle fee.

Minnesota Transportation Alliance
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1893 **125th ANNIVERSARY** 2018

Gasoline Motor Fuel Taxes as of July 1, 2019



Transportation Funding Plan

Reconnecting For a Safer Minnesota

- Gas Tax Increase
- Debt Service Surcharge
- License Tab Fee Increase – Slow depreciation schedule, increase base
- Metro Sales Tax Increase for transit
- Slight increase in MVST Rate
- Trunk Highway Bonds – Corridors of Commerce - \$200M per year
- Redistribution of Sales Tax Revenue: MVLST, Rental Vehicles, Auto Parts
 - Small Cities, Townships, Greater MN Transit, 7 Metro Counties

Coalition Building

- Stakeholders: AGC, ACEC, AMC, LMC, MICA, Small Cities, Metro Cities, Township Assn, Rural County Caucus, MPTA, Move MN, MAPA, CPAM, ASCE, Labor
- Other groups: Farmers Union, business groups, truckers, safety organizations, economic development groups, ag groups, etc.
- Meetings with MnDOT, Met Council, legislators

Outreach Campaign

It's Time! Let's Renew the 2008 Transportation Plan

- Earned media - Meetings with local newspapers
- Digital, print advertising
- LTEs
- Social Media



Questions?

MN Transportation Alliance

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