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 dedication 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

Auto Parts Sales Tax (fixed portion)
- $63.1M
- $145.6M

Rental Car Tax (9.2% rate)
- $54.5M

Rental Car Sales Tax (6.5% rate)
- $36.9M

Lease Sales Tax (11% of total)
- $21.5M

Highway User Tax Distribution Fund
- $176M
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.
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
  o On average, about 30% of county, city and township levies have been for roads between 2005 and 2016.

➢ Local Option Sales Taxes
  o 48 of 87 counties have voted to levy a local option sales tax for transportation purposes. 2018 Revenue - $333.6 million

➢ Wheelage Taxes
  o 52 Counties have implemented a wheelage tax

➢ Taking the lead/contributing to State Trunk Highway projects - $26.8M 2019, $25.8M 2020
Including the 2018 election, voters have re-elected 92% of nearly 1,900 state lawmakers who voted in favor of a gas tax increase since 2013. This support for lawmakers who approved a gas tax increase persists across party lines as well—over 90% of Democrats and 94% of Republicans were re-elected.
2019 Hybrid & Electric Vehicle Fees By State

- **Yellow** = Electric Vehicle Fee ($)
- **Black** = Hybrid Vehicle Fee ($)

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

Minnesota Transportation Alliance
525 Park St. St. Paul transportationalliance.com
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?

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