



MICA 2010 Legislative Recommendations Transportation

2010 Transportation Legislative Priorities

The MICA Board of Directors urges that the integrity of the 2008 transportation funding legislation be maintained; that the local bridge program and the local road improvement program be adequately funded; and that all counties be given the option to impose a wheelage tax to fund local transportation projects.

To its credit, the 2008 Legislature enacted a comprehensive transportation funding bill that provides for new, dedicated revenues for bridges, roads and transit – at both the state and local levels of government. However, as MnDOT’s 20-Year Statewide Transportation Policy Plan makes clear, projected revenues will fall far short of transportation investment needs. According to MnDOT’s plan “...with a total estimated investment need exceeding \$65 billion during the next 20 years, and projected revenues of about \$15 billion, this analysis indicates that almost \$50 billion remains in unmet needs.” Most of the new funding in the foreseeable future will be used for state bridges and highway preservation and maintenance. That means new transportation projects in both the metropolitan area and Greater Minnesota will continue to be delayed.

In light of the enactment of the 2008 transportation funding bill, and cognizant of the general fund budget deficit that will face the 2010 Legislature, MICA will not be advocating for additional permanent new state taxes for transportation in the 2010 legislative session. However, in the future, the gas tax and motor vehicle registration fees should be periodically increased by at least an amount that would preserve the buying power of those revenue sources.

Modernize Minnesota’s Transportation Finance System

The MICA Board of Directors supports modernizing Minnesota’s transportation finance system including consideration of a vehicle mileage tax. Additional user fees such as a county option wheelage tax, local option gas tax or sales tax on gasoline, local development impact fees, assessments and parking space fees should be available to fund highways, bridges and transit as well as to decrease reliance on the property tax.

Traditional as well as nontraditional transportation-related revenue sources are needed to meet road, bridge and transit needs. Increasingly, the burden has been shifting to property taxpayers to meet these needs.

The Center for Transportation Studies at the University of Minnesota recently issued a research report that identified several value capture strategies that could potentially provide alternative revenue sources for state and local governments. These strategies would differ in how, when, and where they may be applied. Applying these strategies individually or in combination to meet specific situations would give local governments more options to use alternative revenue sources to meet transportation investment needs.

Specific road improvements needed to serve a development should be funded by those developments. Impact fees designed to defray these (often-unplanned) improvement costs should be formulated and shared between affected local units of government.

Current law allows counties in the metropolitan area to impose a wheelage tax. It also limits the maximum tax to \$5 per vehicle and only allows the proceeds to be spent for highway purposes. The wheelage tax option should be extended to all counties, and the levy offset and the \$5 cap should be repealed. The revenues raised should be allowed to be used for both highway and transit purposes. The 2007 Legislature authorized counties in the metropolitan area to levy either a \$5 or \$10 wheelage tax. However, Governor Pawlenty vetoed the transportation funding package that included this provision. The Legislature should once again pass a county wheelage tax option.

Increase Transit Funding

The MICA Board of Directors recommends that the Legislature provide sufficient funding to maintain existing transit systems and provide a new funding source for expanded transit options including capital and operation costs for light rail, commuter rail and busways that does not have a negative impact on highway funding. MICA supports completion of the Northstar commuter rail project from Minneapolis to the St. Cloud metropolitan area; the continued development of the Cedar Avenue, Red Rock, Rush Line, and I-35W transit corridors; planning dollars for the Robert Street, Southwest and I-94 transit corridors; and restarting inter-city passenger rail service between Duluth and the Twin Cities (the Northern Lights Express); and connections to Greater Minnesota regional centers. Transit options and the use of managed lanes on the TH-169 corridor should be studied and 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. It is estimated that it will take an investment of \$150 million in new revenues annually for 15 years to meet transit capital and operating needs in the metro area. Furthermore, in Greater Minnesota, many 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. The Legislature should not override decisions made by the Counties Transit Improvement Board on the use of revenues derived from the quarter cent sales tax increase adopted by metro counties.

Oppose Efforts to Divert Revenues Dedicated to Transportation

The MICA Board of Directors opposes any efforts to divert state revenues currently dedicated to transportation to other purposes.

While most of the funding streams for transportation funding are now constitutionally protected, others, such as the sales tax on leased motor vehicles, are statutorily dedicated and could be used for other purposes, such as general fund deficit reduction, by action of a future Legislature. Legislative leaders had to make significant compromises (reductions in revenues) in order to get the 2008 funding bill passed. Any proposals to further reduce transportation funding should be rejected.

Protect the Highway User Tax Distribution Fund

The MICA Board of Directors opposes the use of Highway User Tax Distribution Funds for any non-highway purposes. 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 Highway User Tax Distribution Fund is a constitutionally dedicated source of stable and dependable funding for state and local highways. Current funding levels are barely adequate 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 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.

Exempt Highway Equipment and Materials from the Sales Tax

The MICA Board of Directors recommends that the Legislature exempt highway construction and maintenance equipment and materials and its delivery from the state sales tax.

County payment of the state sales tax on highway construction and maintenance equipment and materials places counties in the difficult position of either reducing the amount of resources available for highway maintenance and improvement or increasing the burden on county property taxpayers.

The Legislature has already exempted townships from paying the sales tax on highway construction and maintenance equipment and materials. In 2007, Governor Pawlenty proposed exempting trunk highway fund projects from the sales tax. County purchases should be exempt as well.

Provide State Bonding Authorization for Local Road Improvement Program Grants

The MICA Board of Directors recommends that the Legislature should continue to provide funding grants for the local road improvement program rather than loans.

The transportation funding bill that passed the 2003 Legislature provided for trunk highway bonding only for state highway projects. Both Governor Pawlenty and Lt. Gov. Molnau have acknowledged that there are increased costs to local governments, such as interchanges, that are needed to complete these projects. For example, the county interchanges improvements on the Highway 52 and 63 reconstruction projects cost Olmsted County \$17 million.

Many counties face the same funding needs for capacity expansion, congestion reduction, interchanges, planned growth, hazard elimination, and to match federally funded projects that the state does. The Local Road Improvement Program should specifically allow for funding of these projects.

Counties are struggling to maintain mobility on key regional corridors. County highways that serve as farm-to-market corridors, connections between regional centers, and support state investments in the trunk highway system have a significant impact on the state economy and warrant state support.

Improvements to railroad crossings should be eligible for funding under the Rural Road Safety Account. There are currently 167 paved county highway/main line railroad crossings that lack crossing lights and gates in Minnesota. These unprotected crossings constitute major safety hazards 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.

Fund Local Bridge Repair and Replacement Program

The MICA Board of Directors recommends that the Legislature continue to fund the state bridge bonding program at a level sufficient to construct, replace, rehabilitate, or renovate deficient bridges. MICA supports MnDOT's bonding request for \$75 million for this program.

The state bridge bonding program is a necessary component of funding for bridges. Counties and other local units of government oversee 14,700 bridges – 75% of all bridges in the state. Of these, 1,044 have been identified as structurally deficient. The state has long provided special funding for local bridges. In recent years, however, state funding has not kept pace with growing needs.

Additionally, counties that have experienced significant population growth have bridges that may be structurally sound but are no longer capable of handling increased traffic volume. These operationally deficient bridges should be eligible for funding under the state bridge funding program.

Bridges that are functionally obsolete or structurally deficient and new bridges on new or existing alignments should also be eligible for funding under this program.

Keep Local Decision Making Authority on Seasonal Road Restrictions

The MICA Board of Directors 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 state during and after the thawing process. Springtime road restrictions are used in order 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 best make decisions determining if and when restrictions should be imposed.

Rail-line Abandonment

The MICA Board of Directors recommends that proposed rail-line abandonments be reviewed to determine their local economic impact. Counties and regional rail authorities should be given the right of first refusal to purchase rail-line right-of-way being abandoned.

The loss of rail service can have significant adverse economic consequences for some communities. Review of abandonment proposals can identify where adverse economic impact will occur and what the impact will be if the rail-line is abandoned.

Abandoned rail-line right-of-way can often be utilized to accomplish a public interest. Giving counties the right of first refusal safeguards that public interest.

Continue to Fund Local Road Wetland Replacement Program

The MICA Board of Directors recommends the Legislature fully fund the Board of Water and Soil Resources (BWSR) request for wetland mitigation that impacts county highway projects.

In 1996 the Legislature established the Local Road Wetland Replacement Program. Under this program, local road authorities are required to report wetlands lost due to local government road construction. The wetlands are then replaced by the state through BWSR. In the 2003 session, the Legislature enacted several changes to this program, which have resulted in more cost effective, better located, and higher quality wetlands. Without a continued state commitment to this funding, local governments face paying for this work out of their transportation budgets which will delay completion of local government road projects; increase local property taxes; negate an agreement with the U.S. Army Corps of Engineers that allows this program to meet federal regulatory requirements; and result in another unfunded state mandate.

Funding for wetland mitigation should continue to come from the state's General Fund. However, an alternative revenue source for this program could be the Minnesota State Lottery Environment and Natural Resources Trust Fund.

Authorize Plat Approval for Counties

The MICA Board of Directors recommends that County Boards be given the authority to approve plats that are adjacent to county road right-of-way.

Under current law, counties may only comment on plats abutting county roads. Cities and townships are free to disregard concerns and recommendations offered by the county. This can lead to restrictions in future design and construction options, impact the function of the highway and can create traffic safety issues.

During the 2004 session, city and county representatives compromised on a plat review process allowing county engineers to conduct a review of ingress and egress, drainage, safety, rights-of-way, integration, and impact on the county wide system prior to the city's statutory plat review process. This compromise alleviates problems caused by incomplete or late submittals.

Effective right-of-way management at the county level is essential in order to provide for future roadway needs and address safety, congestion and environmental concerns.
