



Funding Bill
Next Exit



THE
TRANSPORTATION
ALLIANCE

Highways • Transit • Rail • Waterways • Air

Road To Success
2013 Legislative Session??

Funding Needs

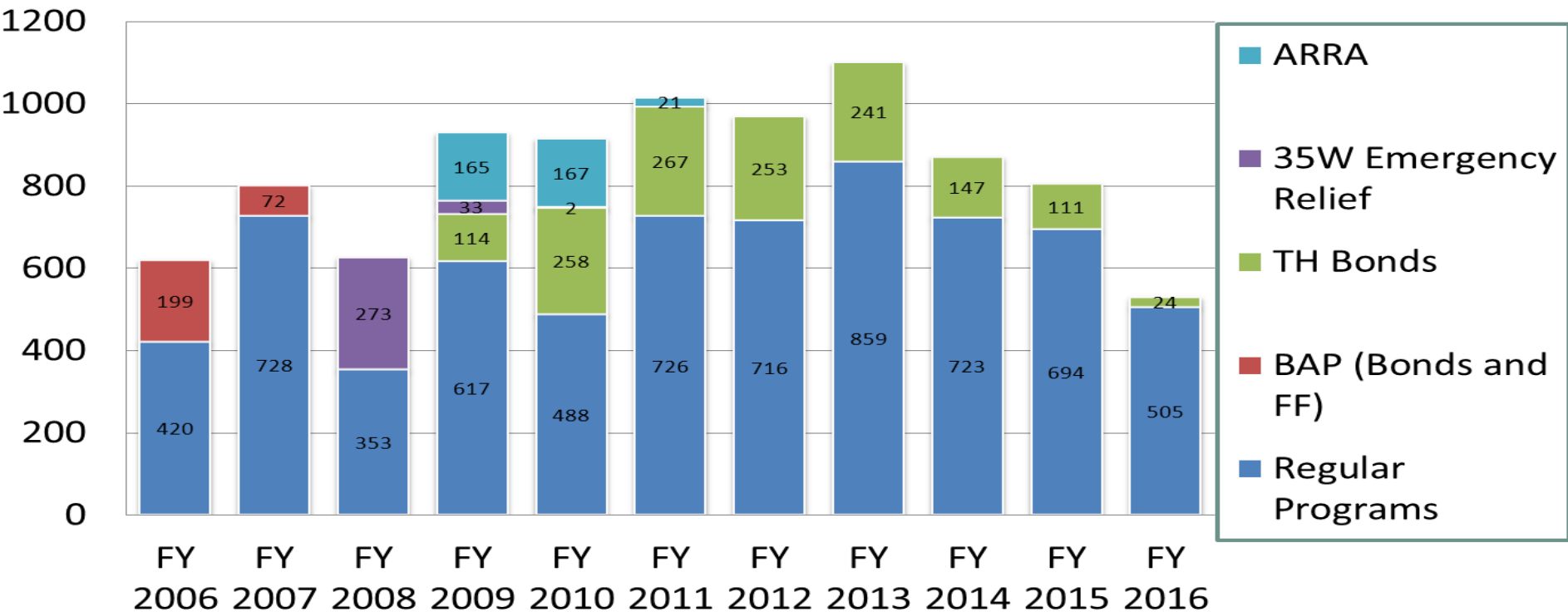
- Gap between funding needed to meet the need and anticipated revenue is growing:
 - At least \$10-12B over 20 years on Trunk Highway System
 - About \$10B for County Roads
 - Another \$10B for City streets

Gap for all Modes over next 20 years:
\$50-\$55 Billion



MnDOT Construction Spending Outlook

Funding by Source (in millions of dollars)





Transportation Finance Advisory Committee (TFAC)

Governor Dayton established this Panel of appointed Business and Community Leaders that met over the summer and Fall to develop recommendations for the future of transportation funding in Minnesota.



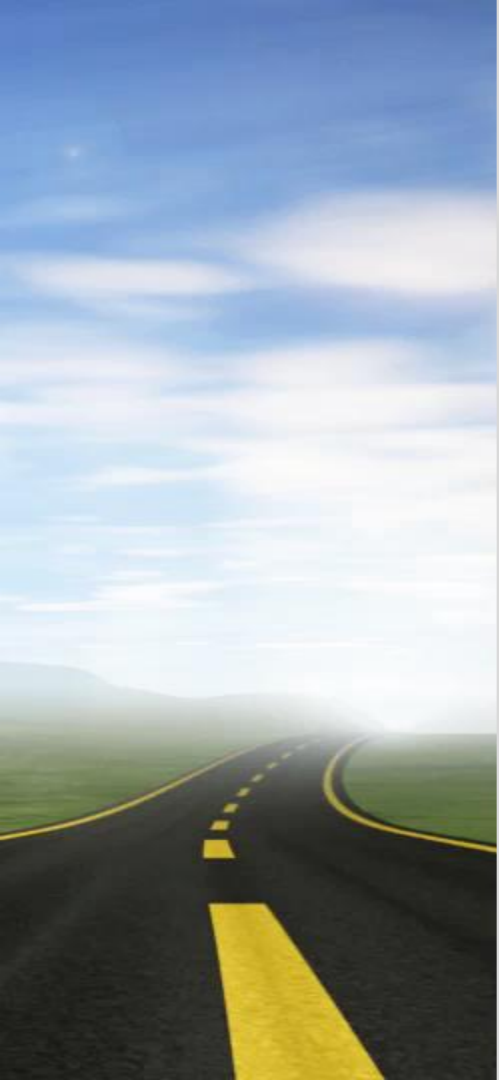


TFAC

- Recommendations:
 - Increase in Metro Sales tax for transit – ½ cent
 - Increase in fuel tax – 40 cents over 20 years
 - Increase in license tab fees
 - Dedication of leased vehicle revenue to transportation
 - Local option wheelage tax and street improvement district and removing the referendum requirement for local option sales tax in Greater MN

HF931/SF891

- Gas Tax Increase – 5 cents and 1.5 cents for three years
- Tab Fee Increase - 10%
- Trunk Highway Bonds - \$800M over 4 years
- Extend sales tax to auto parts and services and dedicate revenue to highways and transit
- Increase Metro Sales tax for transit and county highways
- Tax Reform – remove exemptions for MVST eliminate sales tax payments to state



New Transportation Bill

- Generates just over \$3 Billion in revenue and bonding over 4 years.
- Of that, \$2.5 Billion for roads.
- Provides a Balanced Package statewide





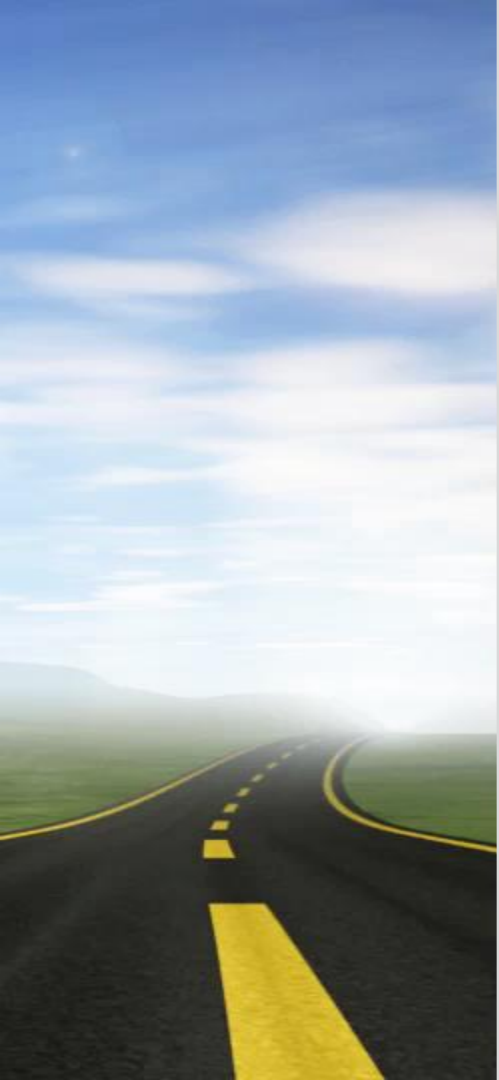
Numerous Proposals

- ❑ House focused on metro sales tax increase and new Corridors of Commerce program
- ❑ Gas tax increase of 7.5 cents per gallon floated
- ❑ Trunk highway bonding proposed but some conflict with overall state debt limit
- ❑ No increase in tab fees, MVST, etc.
- ❑ Inclusion of wheelage tax expansion and removal of referendum requirement for local sales tax in Greater MN – these provisions moved to Tax Bill
- ❑ House passed “lights on” bill



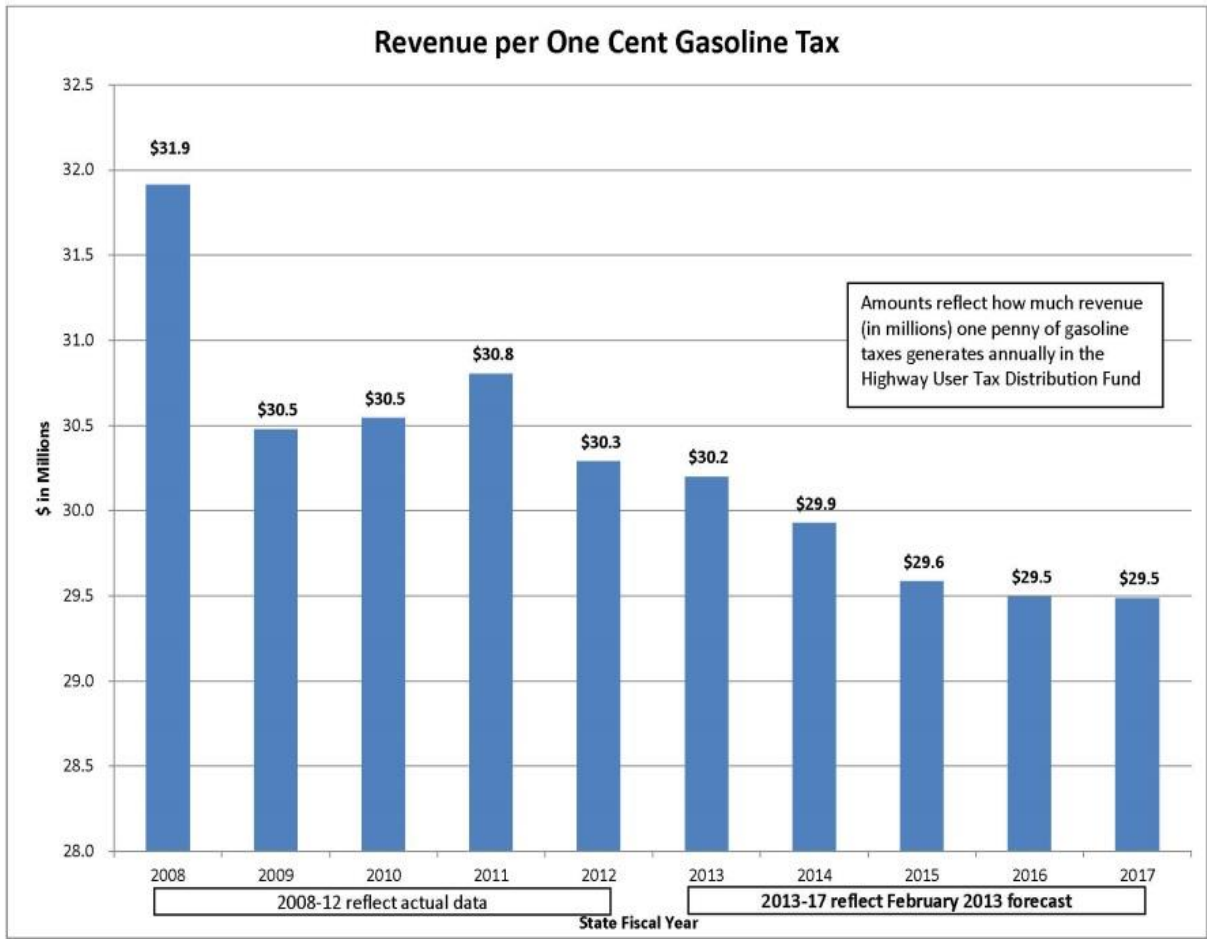
Senate Proposals

- ❑ Senate considered a “lights on” bill but didn’t have the votes in the Transportation Committee
- ❑ Developed major plan that included:
 - ❑ Metro Sales tax increase – ½ cent
 - ❑ MVST increase – from 6.5% to 6.875%
 - ❑ Gross Receipts Tax
 - ❑ Local tools – wheelage tax, municipal street improvement district, referendum removal



The Trouble With the Gas Tax

- Charged on a per-gallon basis and consumption is going down
- More fuel-efficient vehicles
- Mileage-based fees are not coming anytime soon
- States are moving to sales tax or indexing
- In MN, a 1-cent increase in the gas tax generated almost \$32M in 2008, now one penny generates \$29.9M and will go down





Gross Receipts Tax

- Lowered the per-gallon excise tax by 6 cents
- Imposed a 5.5% gross receipts tax at the wholesale level
- Net increase for Highway User Tax Distribution Fund: \$220M in 2015 and grows with price increases
- A 5-cent increase in the gas tax would generate \$148M in 2015 with \$87M for THF, \$40.7M for 87 counties, \$12.6M for all MSA cities



Status Quo Funding

- Senate Tax Committee voted for an appropriations bill with no tax increases
- Wheelage tax and referendum requirement repeal contained in House Tax bill
- No fuel tax or metro sales tax increase in tax bills or transportation bills



Transportation Package

- Need more than one revenue source and need funding that will grow with inflation (sales tax)
- Need a balanced, comprehensive plan that funds highways and bridges statewide at both state and local levels as well as transit in Metro and Greater Minnesota
- Lack of action in most years means transportation funding increased once every decade or more



Political Landscape

- Session agenda never included transportation
- Governor's opposition to gas tax/taxing Middle Class families
- Many new legislators and new members of transportation committees
- Lack of a package early on made organizing difficult
- No immediate crisis
- Governor says he will come back with a plan next year

HF226/SF295

- Provides \$20M in General Obligation bonds for Local Bridge Program
- Provides \$64M for Local Road Improvement Program
- Part of a larger Capital Bonding bill



Progress In Motion

Focuses on Public Relations –

Building political support by reaching out to the public, civic organizations, other community leaders

In 2007 & 2008 invested in Billboards, Radio Ads, etc.

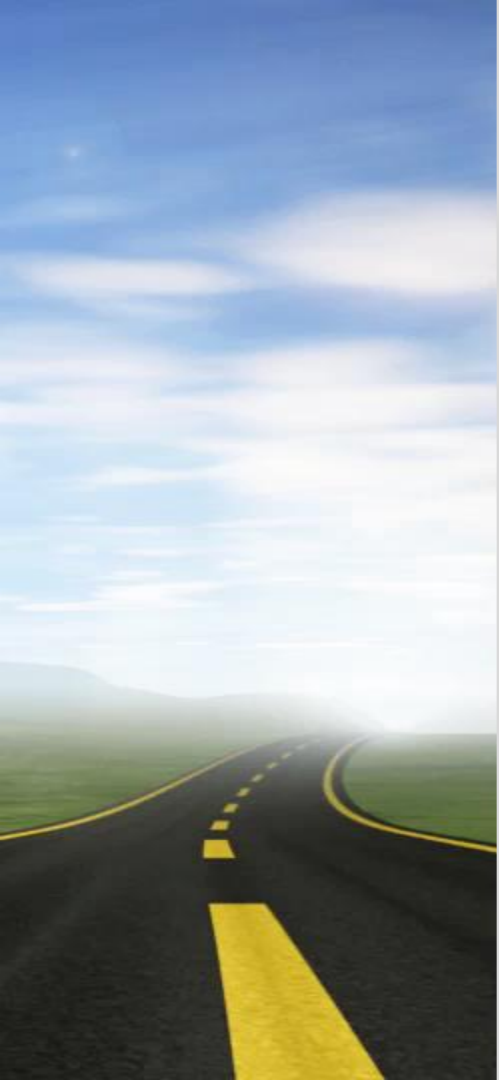




We Need YOU!

We have a real opportunity to make progress but it will take a Campaign!

- We need you to contact your legislators – they ran on job creation
- We need you to show up for hearings and rallies
- **If we bring everyone together** – industry, government, labor, business, highways, transit – we can get a bill



Questions? More Information?



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