



2025 TRANSPORTATION LEGISLATIVE AGENDA

Minnesota's transportation system forms the backbone of the state's economy, allowing for the movement of people and products throughout the state and beyond. The Minnesota Transportation Alliance works for the resources necessary to improve the safety and effectiveness of all modes of transportation.

Thanks to major funding legislation passed during the 2023 session, the funding gap for all modes of transportation has been reduced and new, dedicated funding will allow for better planning with stable funding. *The failure of the legislature to pass a capital bonding bill in 2024 has increased the backlog of needed infrastructure investments while inflation has raised the price of these projects.*

MnDOT is projecting a funding need of \$57 billion between 2023 and 2042. With available funding of \$36.7 billion, that leaves a gap of at least \$20.3 billion over the next 20 years. In addition, local governments have identified an additional \$5 billion in funding needs on the trunk highway system. The local road and bridge system has a funding gap of approximately \$1 billion per year.

For 2025, the Transportation Alliance is committed to: 1) Opposing any cuts to revenue or reductions in dedicated revenue sources, 2) Supporting passage of a significant capital bonding bill, 3) Supporting increases in revenue to reduce the identified funding gap for all modes of transportation.

Capital Bonding Needs in Transportation

- Local Bridge Replacement Program - \$160 million - \$200 million (GO bonds)
- Local Road Improvement Program - \$150 million (\$20M cash) - \$250 million (GO bonds)
- Local Road Wetland Replacement Program - \$10 million GO bonds and \$16.5 million GF (Base funding should be included in the biennial state budget for this program)
- Bus Rapid Transit/Busway Capital Improvements - \$75 million (GO Bonds)
- Greater MN Transit Capital - \$10 million (GO Bonds)
- ABRT Corridor Improvement Program - \$50 million (GO Bonds)
- Port Development Assistance Program - \$42 million (GO Bonds)
- Minnesota Rail Service Improvement Program - \$10 million (GO Bonds)
- Highway Railroad Grade Crossing Devices - \$10 million (GO Bonds)
- Safe Routes to School - \$1 million (GO Bonds)
- Active Transportation - \$1 million (GO Bonds)
- Corridors of Commerce - \$400 million (Trunk Highway Bonds)

Additional Funding Options

- Increase the annual electric vehicle fee from \$75 to \$200 or implement a per kilowatt hour fee on electricity used to fuel vehicles. Develop a new fee charged per kilowatt hour at public electric vehicle charging stations with revenue dedicated to the Highway User Tax Distribution Fund.
- For the transportation delivery fee, remove the \$100 price threshold for orders exempted from the fee.
- Accelerate the full dedication of the revenue from the sales tax on auto repair parts so that all of the revenue is fully dedicated as quickly as possible.

- Explore innovative funding options including a Road User Charge that will compensate for reduced revenue from the fuel tax in the future.
- Continue providing funds to match federal transportation and infrastructure dollars and to allow Minnesota to compete effectively for discretionary grant funds.
- Continue funding from the Trunk Highway Fund for the Corridors of Commerce program and the Transportation Economic Development (TED) program.

Local Options

- Modify the current language authorizing counties to impose a wheelage tax to allow levies up to \$35 per year to account for the loss of purchasing power with 8.5% inflation since 2018.
- Authorize cities to create Street Improvement Districts.
- Authorize a municipal local option sales tax for transportation that is similar to the county local option sales tax for transportation.
- With an increase in revenue into the Trunk Highway Fund, revise the local cost participation policy to reduce the burden on local governments for contributing to state highway projects.

Efficiencies/Tax Reform

- Fund MnDOT and DPS Trunk Highway Fund expenditures not related to a Highway Purpose from the state general fund.
- Support early acquisition of rights-of-way for transportation projects. Adequately fund the Right of Way Acquisition Loan Fund (RALF).
- Eliminate payment of state sales tax on purchases for transportation projects for MnDOT, transit agencies and local units of government, including joint powers boards.
- Eliminate some of the exemptions to payment of the motor vehicle sales tax.

Review Work of Task Forces/Committees

- The 2023 Legislature created a number of new task forces and working groups to explore various policies including: greenhouse gas emissions assessments, resiliency of infrastructure in Minnesota, safety initiatives, environmental sustainability and procurement practices. The Alliance will monitor the work of these groups and any legislative recommendations.
- Monitor the Road Funding Gap report being developed by MnDOT.

Policy Issues

- 1) Review opportunities to increase safety in work zones as MnDOT implements pilot projects on speed enforcement activities. Consider changes to MnDOT traffic control unit pricing in a low bid environment and require DVS to develop materials that acquaint people obtaining a drivers' license with the hazards posed by highway work zones and provides at least 30 minutes of instruction in safely dealing with these hazards.
- 2) Include funding in Trunk Highway Corridor Projects Account to assist local governments with the local share of trunk highway projects to ensure that projects are not delayed. Support flexibility in the application of MnDOT's local cost participation policy in the face of unique circumstances. As MnDOT updates the local cost participation policy, ensure that the burden on local governments is not increased and that the state recognizes the level of local funding that is supporting state trunk highway improvements.
- 3) Monitor the use of state funds set aside to match federal transportation formula funds and discretionary grants and ensure that sufficient state dollars are made available to leverage federal funds. Ensure that sufficient state dollars are available to meet the need for technical assistance for local governments applying for federal funds.
- 4) Support work to develop effective evaluation tools to assess the impact of greenhouse gas emissions impacts due to transportation projects in order to implement the assessment requirement. Safety improvement projects designed to reduce fatalities and crashes should be exempt and consideration should be given to

additional funding for costs related to mitigation measures. These assessments should continue to be limited to the trunk highway system.

- 5) Limit state requirements on how local governments manage local assets through legislation mandating local funds be identified or set aside for maintenance or replacement of projects funded with state direct appropriations.
- 6) Support the constitutional dedication to the Highway User Tax Distribution Fund of any revenue from a mileage-based user fee. Support the retention of the current statutory distribution of the revenue from MVST with 60% to the HUTDF and 40% for transit.
- 7) Support the incorporation of policies designed to improve the resiliency of the transportation system as the risk of flash floods, extreme flooding, slope erosion and winter precipitation and freeze/thaw cycles are projected to increase in the future. Support MnDOT's work in completing a Resilience Improvement Plan and incorporating resilience considerations into design guidelines and asset management.
- 8) Support the use of Public Private Partnerships (P3s) for transportation projects that are in the public interest and supported by local governments. Processes should be established for managing P3 projects including the management of unsolicited proposals.
- 9) Support policies that accommodate new technology including autonomous and connected vehicle technology as well as the results of MnDOT's testing of an autonomous bus. Support funding for infrastructure improvements that will allow the state to take advantage of new technology that will improve safety and mobility.
- 10) Support legislation that simplifies the process by which local governments and nonprofits receive the sales tax exemption on construction material purchases.
- 11) Support the current process for determining speed limits on state and county highways.
- 12) Monitor legislation related to the governance structure of the Metropolitan Council.
- 13) Road and bridge weight issues – Support the prohibition of any weight limit exemptions except during harvest and support the ability of counties, cities and townships to establish load restrictions on their road systems. Support eliminating the implements of husbandry exemptions and support civil penalties for excess weight. Support eliminating the liability exemption for damage caused by non-weight related unlawful operation on public highway bridges. Oppose efforts to remove local permitting authority.
- 14) Support full state funding, from non-transportation funding sources, for mitigation of wetland impact from county and municipal highway projects.
- 15) Oppose increased funding out of the Highway Trust Fund for recreational trails or other non-highway purposes and support a comprehensive study of diversions of revenue from the Trunk Highway Fund.
- 16) In the event of a state government shutdown, state permits issued for local road, bridge and airport projects should remain in effect with local governments responsible for meeting all legal requirements of the permits. Additional costs incurred by contractors and vendors related to a government shutdown should be paid out of the state general fund.
- 17) Refine the eminent domain process to reduce costs with constitutionally dedicated tax dollars, including a requirement that owners provide their appraisal 45 days before the condemnation commissioners' hearing.