



2006 Debate Minnesota Transportation Background Information

Safety. This is a major concern for citizens and a consideration in all transportation policy. About 600 people are killed each year in Minnesota and nearly 50,000 injured in traffic accidents. Traffic crashes are the leading cause of death for persons ages 1 to 34. Approximately 70 percent of traffic deaths occur on rural roadways.

Cost. Traffic accidents cost the state of Minnesota an estimated \$1.6 billion annually according to the Minnesota Department of Public Safety.

Congestion. According to the latest Mobility Report from the Texas Transportation Institute, Twin Cities metropolitan area drivers lose 42 hours per year stuck in traffic. The metro area ranks sixth among 27 urban areas of similar size in terms of congestion.

Metro area population growth. Annual population estimates by the Metropolitan Council show the seven-county region grew more from 2000 to 2003 than it did during the first three years of the 1990s—a decade that experienced more growth than any other in Twin Cities history. Met Council Chair Peter Bell has said that population estimates are on track with the Council's forecast and, barring any significant events or changes, the numbers confirm that nearly **a million more people** will move to the metro region by 2030, generating an additional 4 million trips. The Twin Cities is home to an estimated 2.7 million people with growth around 98,929 people, or 3.7 percent, between April 2000 and April 2003, and 45,999 new households for a 4.5 percent increase. This three-year population increase is akin to adding the city of Denver to the metro area.

Need (based on planning documents from MnDOT and the Met Council):

- Highway needs are estimated to be in the \$1 billion to \$1.7 billion range per year for the next 10 years. Of that, 70 percent is for 11,900 miles of interstates and trunk highways, and 66 percent located in the metro area.
- Transit needs, capital, and operating expenses, are estimated to be in the \$200-\$300 million range per year.
- The lack of highway funding has led to planned projects being delayed. In addition to the many projects that are needed but are not planned due to a lack of funds, some planned and started projects are being postponed. Examples: I-35W/TH62 Crosstown Project has been pushed back from May 2006 to spring 2007; the Highway 12 bypass around Long Lake and Orono will be delayed two years; Highway 7 reconstruction from Silver Lake to Highway 25 is delayed from 2007 to 2008; the 169/I-494 Interchange slated for acceleration in 2003 is unscheduled; and Highway 19 reconstruction in Marshall is delayed from 2007 to 2008.

Roads/highways. Minnesota has about 135,000 miles of public roads, streets and highways owned by the state, counties, cities, and townships. This is one of the highest totals in the country.

Transportation funding. The major source of state funds for highways is user taxes—state fuel (gas) tax, vehicle registration fees (license tabs), plus a share of revenue from the motor vehicle sales tax (MVST). Gas tax and license tab revenue is constitutionally dedicated to the Highway User Tax Distribution Fund (HUTDF), commonly called the highway trust fund, for “highway purposes.” These revenues cannot be used for transit or other modes of transportation. State highway tax revenue is shared with counties, towns, and cities. State highways also benefit from federal funds.

State fuel (gas) tax. Minnesota has had a gas tax since 1949 when a 5-cent tax per gallon was imposed. Today, Minnesota has a tax of 20 cents per gallon, last raised from 17 cents in 1988. Neighboring states vary from 20-30 cents. The state’s constitution requires that the revenue be split between state highways (Trunk Highway System, 62 percent), county roads (County State Aid System, 29 percent) and city streets (Municipal State Aid System, 9 percent). According to the Minnesota Department of Transportation (MnDOT), the current tax of 20 cents per gallon yielded \$653 million in FY 2006.

Vehicle registration fees (license tabs). MnDOT reported that in FY 2006, motor vehicle registration taxes, after refunds and collection and other costs, yielded \$477 million. Changes made to reduce this fee during the 2000 legislative session have resulted in significant losses to the highway fund, which have been filled by using revenue from the motor vehicle sales tax (MVST) to replace those losses.

Motor vehicle sales tax (MVST). Enacted in 1967, MVST revenue is deposited in the general fund but tracked separately. In 1981, a schedule was adopted that would lead to all MVST funds being dedicated for transportation/transit. That schedule was not implemented in response to budget shortfalls. Today, 54 percent of MVST revenue is dedicated for highways and transit. (Currently, 31 percent replaces lost revenue from reducing tab fees, and 23 percent replaces revenue lost by removing the property tax revenue authority for local transit. Next biennium, the percentages are scheduled to shift so that 32 percent of MVST will be dedicated to highways and 22 percent to transit.) The remaining 46 percent, or about \$270 million per year, goes to the state's general fund for other state funding purposes.

2005 transportation funding proposal. During the 2005 session, the Legislature passed a transportation funding package that included:

- An immediate 5-cent increase in the gas tax with another 5-cent increase to take place in FY 2008
- An increase in license tab fees while grandfathering existing vehicles
- Authorization of \$100 million per year in trunk highway bonds for 10 years
- Authorization for all counties to impose a wheelage tax if they choose to do so
- Capture one-fourth cent of existing sales tax collected in the seven-county metro area dedicated to transit in the metro area
- Proposed constitutional amendment to dedicate all of the existing MVST revenue to highways and transit – phased in over a five-year period
- A new County State Aid formula to be applied to new money generated through the plan

Governor Pawlenty vetoed the bill. However, an Attorney General’s opinion states that Governors do not have the authority to veto proposed constitutional amendments even if they are part of a larger piece of legislation. The constitutional amendment to dedicate all of the MVST revenue to transportation survived the veto and was published as Chapter 88 of the 2005 Session Laws.

The November 7, 2006 ballot will include the following question:

"Shall the Minnesota Constitution be amended to dedicate revenue from a tax on the sale of new and used motor vehicles over a five-year period, so that after June 30, 2011, all of the revenue is dedicated at least 40 percent for public transit assistance and not more than 60 percent for highway purposes?" Yes or No

If passed, the amendment would provide an additional \$300 million per year for both highways and transit (when fully phased in). Passage of the amendment would ensure this transportation user fee goes toward improvements to the transportation system. The 1981 Legislature voted to dedicate all of the MVST revenue to transportation, but since that time, more than \$6 billion has been diverted to other purposes.

Transit. With the exception of the Hiawatha Light-Rail line, transit in Minnesota consists of bus systems. MnDOT administers the state's Public Transit Assistance program, which helps fund bus service in 80 counties outside the metro area. In Greater Minnesota, seven counties have no bus transit service and 14 lack county-wide services. Greater Minnesota transit provided approximately 9 million rides in 2000. The Met Council administers the transit system in the seven-county metro area, which provided 80 million rides in 2000.

Transit funding. Minnesota transit funding sources come from fares, state general fund revenues, federal funding, and property taxes. Fares paid by users account for about one-third of transit funding in the metro area, and property tax revenues equal about 40 percent. Property tax levy authority for transit was removed in 2001 and funding was replaced with a portion of funds from the MVST. For the 2006-2007 biennium, \$37.6 million was appropriated from the general fund for Greater Minnesota Transit and \$156 million for Metropolitan Area Transit. In addition, 1.43 percent of the MVST (about \$15.4 million) was provided for Greater Minnesota Transit and 21.5 percent (about \$232 million) for Metro Area Transit. In the metro area, regional bonding authority of \$32 million was provided for Metropolitan Area Transit needs.

High-occupancy toll (HOT) lanes. The 2003 Legislature authorized converting high-occupancy vehicle (HOV) lanes to HOT lanes, which permits single-occupant vehicles to access HOV lanes for a fee, with the revenues generated going toward highway and transit improvements along the corridor. Currently, the former HOV lane on I-394 has been converted to a HOT lane.

This information is compiled from numerous sources, including recent newspaper articles, the Minnesota Department of Transportation, the Minnesota Transportation Alliance, and the Minnesota Chamber of Commerce.



**2006 Debate Minnesota
Potential Transportation Questions**

1. Are you aware of transportation problems in your district? If so, what are they? Are there particular highway or transit projects which concern you that you want to work to resolve? What are the concerns—safety, business-oriented, mobility?
2. Given the backlog of transportation projects (according to the Governor we are 20 years behind in transportation investments in Minnesota) and the documented need for an additional \$1 billion per year to meet our highway and transit needs, do you agree that the state needs to increase its investment level in our transportation system?
3. Do you agree that building and maintaining our transportation infrastructure is a core government function? Where does the issue of improving transportation infrastructure rank in your list of priority issues?
4. Do you support the proposed constitutional amendment to dedicate all of the revenue from the existing motor vehicle sales tax to highways and transit by 2011?
5. Minnesota's gas tax is currently at 20 cents per gallon. It hasn't been raised since 1988. If elected, would you be willing to support a gas tax increase? Would you support increases in other revenue streams such as state or local sales taxes with the revenue dedicated to transportation funding; license tabs; or increased use of trunk highway or general obligation bonds?
6. Have you signed any pledges that would limit the options you can vote for to increase transportation funding? Do you plan to sign any pledges before the election?