



Board of County Commissioners Agenda Request



Requested Meeting Date: 11-24-15

Title of Item: Transportation Funding Discussion

<input checked="" type="checkbox"/> REGULAR AGENDA <input type="checkbox"/> CONSENT AGENDA <input type="checkbox"/> INFORMATION ONLY	Action Requested: <input type="checkbox"/> Approve/Deny Motion <input type="checkbox"/> Adopt Resolution (attach draft) <input type="checkbox"/> Direction Requested <input checked="" type="checkbox"/> Discussion Item <input type="checkbox"/> Hold Public Hearing* <i>*provide copy of hearing notice that was published</i>
Submitted by: John Welle	Department: Highway
Presenter (Name and Title): John Welle, Aitkin County Engineer	Estimated Time Needed: 30 minutes
Summary of Issue: <p>At the September AMC Transportation Policy Committee Meeting, there was discussion about the AMC position that states that "AMC opposes the re-allocation of existing non-transportation related general fund dollars from other state funding obligations to transportation". This discussion was in response to last year's the House Transportation Bill that included the statutory dedication of approximately \$150 million of general fund revenue to transportation. The \$150 million figure is the amount generated by auto part sales tax. Although the wording of the policy statement itself is confusing and has resulted in differing interpretations, the primary question being discussed is whether or not the AMC platform should reflect support for the statutory dedication of general fund dollars for transportation. The main concern is that this would create funding shortfalls to other programs in future years when there isn't a general fund surplus.</p> <p>As stated on the attached MRCC Discussion paper, the MRCC Transportation Funding Workgroup is working to gain support for the use of auto parts sales tax revenue being statutorily dedicated to transportation. Leading up to the December AMC policy meeting and MRCC Board meeting, Dan Larson has asked member counties to gauge support for this position from member counties.</p>	
Alternatives, Options, Effects on Others/Comments:	
Recommended Action/Motion: Request direction on whether the Aitkin County Board of Commissioners supports the use of revenue from the sales tax on auto parts to transportation.	
Financial Impact: Is there a cost associated with this request? <input type="checkbox"/> Yes <input type="checkbox"/> No What is the total cost, with tax and shipping? \$ Is this budgeted? <input type="checkbox"/> Yes <input type="checkbox"/> No Please Explain:	

Legally binding agreements must have County Attorney approval prior to submission.

MRCC Discussion on Sales Tax on Auto Parts Revenues

The MRCC Transportation Funding Work Group has been meeting on a regular basis over the interim. They have held numerous discussions to develop options that provide relief to growing road and bridge needs in Greater Minnesota.

They have come to the realization that past aggressive funding strategies to swing for the gas tax fences have not been fruitful, and that the growing surplus has only strengthened the resolve of House opposition.

In light of this the work group feels the MRCC is missing available funding opportunities by not being more open to options like the House plan to shift the sales tax on auto parts to transportation purposes.

A potential obstacle to embracing the House plan to shift auto parts sales tax revenues from the General Fund to transportation purposes, is the AMC policy on shifting existing non-transportation revenues to transportation purposes.

“AMC opposes the re-allocation of existing, non-transportation related general fund dollars from other state funding obligations to transportation.”

The Transportation Funding Work Group supports using auto parts sale tax revenues for transportation purposes and believes AMC policy should reflect or be interpreted to consider the sales tax on auto parts transportation related.

They understand this is a recommendation that raises concerns about existing revenue streams to current programs, but feel that a sound system of highways – and the Greater MN economy that depends on them – should be allowed to compete with revenue streams to other programs under AMC policy.

The existing revenue re-allocation policy was the topic of considerable discussion at the September AMC Transportation Funding Policy meeting – and was unresolved.

MRCC leaders on the policy committee had sought clarification on whether AMC considered the sales tax on auto parts transportation related for policy purposes.

The sales tax on auto parts currently generates about \$150 million to the General Fund annually, and is projected to grow to about \$250 by 2019.

The MRCC currently supports a broad array of options – including gas tax, gross receipts, surplus, bonding, greater efficiencies, and other alternatives to address growing highway funding needs.

The transportation funding work group would like MRCC member counties to hold a conversation at the board level – and ahead of the December 6, MRCC board meeting - to determine if your county would support urging AMC to consider the revenue from the sales tax on auto parts to be transportation related.

IMPORTANT FOOTNOTE:

Please let me know the outcome of the conversation your county board holds on this topic. It will be important information for the discussion on the issue at the Dec. 6th, MRCC board meeting, and ahead of the upcoming AMC Transportation Policy meetings.

Dan Larson
MRCC Administrator
612-210-2493
dan27@frontiernet.net