



January 21, 2025

Dear Members of the House Transportation Finance and Policy Committee,

**On behalf of the Minnesota Chamber of Commerce, representing 6,300 employers and their more than 500,000 employees across the state, I am writing to share our support for the provisions of HF 5 (Joy) dealing with the gas tax inflator and the delivery fee.**

Minnesota businesses depend upon a safe, reliable, efficient, and multimodal transportation system to get their goods to market and their employees, customers, and input materials to their door. We have long been advocates for increased funding to maintain and strategically expand our state's transportation infrastructure. However, we have also encouraged the Legislature to make these increased investments without adding to the cost burden that already hampers Minnesota businesses' competitiveness. This was the case in 2023, when the Legislature chose to establish a new \$0.50 cent tax on delivered goods and raised the state's fuel tax and tied future, automatic increases to the rise of inflation.

We support the provision in HF 5 to end the automatic, inflationary increases in the state's fuel tax. If, in time, it becomes clear that further increases in the state's fuel tax are necessary to maintain the state's transportation infrastructure, the Legislature should evaluate costs, impact on consumers and the economy and proactively determine the need for an increase. Minnesotans expect accountability and transparency from their state government – which is harder to discern if a tax automatically increases year over year.

We also support the provisions in HF 5 that seek to replace the \$0.50 delivery fee by reprioritizing and redirecting current resources to fund those initiatives currently funded by the delivery fee. Minnesota is a high tax state. The creation of this new, complicated, administratively burdensome, and regressive tax only serves to make life less affordable for Minnesota families and businesses.

Because of the importance of transportation to commerce in our state, the Minnesota Chamber advocates for meaningful, sustained investment in our transportation system. But unlike most other transportation stakeholders, the day-to-day concerns of our rank and file employer members requires that we advocate for policies and solutions that balance the need for increased investment with the state's competitiveness as related to the tax and business climate.

Because of this, we support the approach taken in HF 5 to address concerns raised with the gas tax inflator and the delivery fee. Thank you for the opportunity to provide this input.

Sincerely,

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