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# NEWS RELEASE

**FOR IMMEDIATE RELEASE:**  
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## **PAWLENTY/MOLNAU ADMINISTRATION ANNOUNCES 10-YEAR \$7.15 BILLION TRANSPORTATION PLAN**

*~ Proposal is the largest transportation investment package ever proposed by a Governor ~*

**Saint Paul** – Governor Tim Pawlenty and Lt. Governor Carol Molnau today proposed a 10-year, \$7.15 billion transportation investment program that will accelerate construction of dozens of major highway and transit projects without raising taxes. The package is the largest transportation investment program ever proposed by a Minnesota Governor.

Beginning in 2007, the proposal would fund construction of new highway capacity and dedicated transitways in the metropolitan area, as well as significant improvements to statewide interregional corridors. The plan would also provide additional long-term funding for local roads and transit.

“Minnesota’s quality of life depends in part on our ability to move people and goods efficiently,” said Governor Pawlenty. “In the 15 years prior to our administration, Minnesota fell woefully behind in investing in transportation. In 2003, we passed the largest transportation funding package in state history. The plan we are unveiling today is even larger. It shows our commitment to battling congestion, investing in new transit, improving statewide mobility and fostering economic growth. This is a fiscally responsible package that achieves many of our transportation goals without raising taxes.”

The Pawlenty/Molnau “Building More, Building Faster, Moving Better” proposal has two main financing components:

- Constitutional amendment to permanently dedicate 100% of the Motor Vehicle Sales Tax (MVST) to transportation, providing an additional \$2.65 billion for transportation over 10 years
- \$4.5 billion, 10-year bonding package that will accelerate construction of major highway projects

Currently, MVST revenues are deposited in the state’s general fund and approximately 54 percent is distributed by statute to highways and transit. The Pawlenty/Molnau proposal would

- more -

allow voters in the 2006 general election to decide if the state should dedicate the entire amount to highways and transit, with 60 percent going to the state Highway User Tax Distribution Fund and 40 percent for metro and Greater Minnesota transit.

“It has long been recognized that MVST revenues should be part of the permanent, dedicated stream of funding for roads and transit,” said Lt. Gov. Molnau, who also serves as Minnesota’s transportation commissioner. “State gas taxes and auto license fees have been constitutionally dedicated to roads for decades. It just makes sense that sales taxes on motor vehicles should also be dedicated to transportation. After years of talk, this plan finally puts those revenues where they belong – and permanently.”

The MVST dedication would provide \$2.65 billion in new revenues for transportation through Fiscal Year 2017: \$1 billion for metro area transit, \$950 million for state highways, \$580 million for county and city roads, \$40 million for transit in Greater Minnesota, and \$80 million for the five-percent fund. The MVST constitutional amendment would be on the ballot in 2006 and, if passed, would be phased-in over five years.

Funding from the MVST dedication proposal would assist in moving forward on construction of major transitway corridors in the metro area such as Northstar Commuter Rail, Northwest Corridor, Cedar Avenue Corridor, Central Corridor and bus rapid transit (BRT) on I-35W. “The Governor’s plan would provide an additional \$100 million a year for transit,” said Peter Bell, Chair of the Metropolitan Council. “This infusion of resources would enable the Council to develop these important transitways as well as make significant improvements in the region’s bus system.”

The second financing component of the Pawlenty/Molnau proposal is a \$4.5 billion, 10-year bonding package that will accelerate construction of major highway projects throughout the state that have been delayed or perpetually unfunded for years. Funded projects would address congestion, provide capacity improvements, remove bottlenecks and improve statewide interregional corridors.

The bonds would be paid off by dedicating less than 50 percent of projected growth over Fiscal Year 2005 levels in gas tax revenue, vehicle registration fees and federal funds for trunk highways through Fiscal Year 2038.

“Bonding makes sense and is fiscally responsible,” said Lt. Gov. Molnau. “To equal the financial benefit gained by bonding we would need to raise the gas tax by 20 cents – and that is just not practical.”

“Transportation is a vital link to Minnesota’s future,” said Governor Pawlenty. “Now is the time to take bold, historic steps to ensure that we have a transportation system that serves Minnesotans well into the 21<sup>st</sup> century.”

**SENATE TRANSPORTATION POLICY AND BUDGET DIVISION  
THURSDAY, FEBRUARY 17, 2005  
ROOM G-15 CAPITOL  
3:00 PM**

**AGENDA**

**Presentation of Governor Pawlenty's Transportation Funding Plan**

- Lieutenant Governor and Mn/DOT Commissioner Carol Molnau
- Bob McFarlin, Assistant to the Commissioner

**Continuation of Mn/DOT Budget Presentations**

**State Roads- Investment and Planning**

- Dick Stehr, Engineering Services Division Director

**State Roads- Operations and Maintenance**

- Bob Winter, District Operations Division Director

**General Support and Buildings**

- Kevin Gray, Finance and Administration Division Director

**Electronic Communications**

- Andy Terry, Office of Electronic Communications Director

# Pawlenty/Molnau 2005 Transportation Investment Package

## Key Components

**\$7.15 billion transportation investment, FY 2008- 2017**

■ **Constitutional Motor Vehicle Sales Tax transfer - \$2.65 billion**

- **MVST transfer long-term and permanent for transportation**
- **MVST transfer helps build dedicated transitways and local roads**

■ **\$4.5 billion trunk highway bonding for**

- **Highway capacity**
- **Congestion relief**
- **Safety improvements**
- **Interregional corridors**

**Even More.  
Building Faster.  
Moving Better.**



**Even  
Building More.  
Building Faster.  
Moving Better.**



**2005**  
Pawlenty/Molnau Transportation Investment Package

### Administration Goals for 2005 Package



- **Build on success of 2003**
- **Substantial \$\$ to help "catch-up"**
- **Provide sustainable long-term additional resources to highways, local roads & transit**
- **Fiscally responsible for transportation and the state**

Pawlenty/Molnau 2005 Transportation Investment Package

### Building on Success



- **Proposal builds on success of 2003 investment package**
- **2004 largest construction season in state history**
- **More than \$1 billion invested in more than 200 projects statewide; 75 project completions**

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### Building on Success



- **2003 BAP package of \$825 million scheduled to deliver 17 major capital and safety-preservation projects more than 60 years earlier than originally scheduled**
- **19 Metro Transit Advantage projects on course**
- **Saving years of inflation and providing accelerated user benefits**

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### Building on Success



- **Mn/DOT learning and innovating to deliver more projects more quickly**
- **Managing project acceleration**
- **Managing federal "advance construction" dollars**
- **Managing through unprecedented federal reauthorization delay.**

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### Pawlenty/Molnau Proposal



- **Largest transportation investment package ever proposed by a Minnesota Governor**
- **In first 10 years, will invest additional \$7.15 billion to accelerate dozens of major highway and transit projects throughout the state—without raising taxes!**
- **Substantial**

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## Pawlenty/Molnau Proposal



**"Minnesota's quality of life depends in part on our ability to move people and goods efficiently."**

Governor Tim Pawlenty  
12/22/04

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## Pawlenty/Molnau Proposal



- Funds construction of new metro highway capacity
- Supports funding and development of Tier I transitways proposed by Met Council
- Funds improvements to statewide Interregional highway corridors
- Provides additional long-term funding for local roads and transit

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## Two Financing Components:



- Constitutional amendment to permanently dedicate 100% of the motor vehicle sales tax to transportation – transit, highways, local roads
- \$4.5 billion, 10-year bonding package to accelerate construction of major highway projects

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## MVST Dedication



**"State gas taxes and auto license fees have been constitutionally dedicated to roads for decades. It just makes sense that sales taxes on motor vehicles should also be dedicated to transportation. After years of talk, this plan finally puts those revenues where they belong - and permanently."**

Lt. Governor/Transportation Commissioner Carol Molnau  
12/22/04

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## MVST Dedication Provides

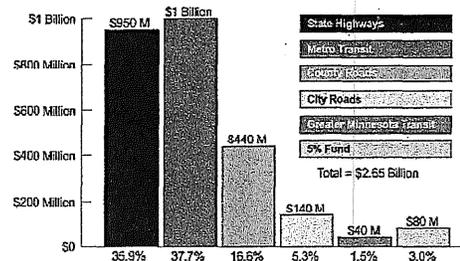


**\$2.65 billion NEW revenues for transportation in first 10 years, Fiscal Years 2008-17**

- \$1 billion for metro area transit
- \$950 million for state highways
- \$580 million for county and city roads
- \$40 million for transit in Greater Minnesota
- \$80 million for the "5% flexible" fund.

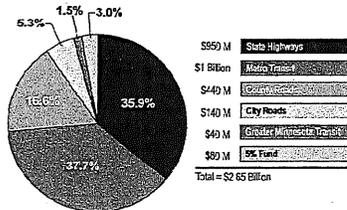
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## MVST Dedication-New Funding Impacts FY 2008-2017



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## MVST Dedication-New Funding Impacts, FY 2008-2017



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## MVST Dedication



### Thirty year funding impacts – long-term resources

- + \$4.47 billion Metro transit
- + \$4.23 billion state highways
- + \$2.58 billion county and municipal roads
- + \$190 million Greater Minnesota transit
- + \$360 million 5% flexible fund

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## MVST Dedication



- On ballot in 2006 general election
- Dedication phased-in over five years, '08-'12
- 60% of dedicated funds for state and local roads through HUTDF constitutional distribution
- 38% to Metro Area transit
- 2% to Greater Minnesota transit

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## MVST Dedication



- First General Fund impacts in 2008-09 biennium
- FY 2008-09 = \$191 million
- FY 2010-11 = \$465 million
- Fully phased-in FY 2012
- Establishes transportation as a critical state funding priority within existing resources

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## MVST Dedication



- Provides long-term cash resources to address growing needs for state highway safety, preservation and maintenance needs
- Mn/DOT's first priority is to maintain the safety and integrity of existing transportation system
- MVST revenues not targeted for Trunk Highway debt service

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## MVST Dedication



### MVST dedication would assist in construction of major Metro area transitway corridors such as:

- Northstar Commuter Rail
- Northwest Corridor
- Cedar Avenue Corridor
- Central Corridor
- Bus Rapid Transit on I-35W

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## Metro Transit Improvements



**"This infusion of resources would enable the Metropolitan Council to develop these important transitways as well as make significant improvements in the region's bus system."**

Peter Bell, Chair of the Metropolitan Council  
12/22/04

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## \$4.5 Billion State Highway Bonding Package



### \$4.5 billion in new investment

- Accelerates dozens of delayed or unfunded major projects statewide
- Focuses on congestion relief, new capacity, bottlenecks, safety and interregional corridors

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## \$4.5 Billion State Highway Bonding Package



**"Bonding makes sense and is fiscally responsible. To equal the financial benefit gained by bonding we would need to raise the gas tax by 20 cents – and that is just not practical."**

Lt. Governor/Transportation Commissioner Carol Molnau  
12/22/04

Pawlenty/Molnau 2005 Transportation Investment Package

## \$4.5 Billion State Highway Bonding Package



- 10-year bonding package, FY2008-17
- Debt service over 30-year program will require less than 50% of projected growth in non-MVST Trunk Highway Fund revenues – gas tax, tab fees, federal funds, FAST revenues
- Conservative growth assumptions for TH Fund revenue streams

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## \$4.5 Billion State Highway Bonding Package



### Gas tax growth assumptions

- FY 2006-09 = Dept. of Finance projections
- FY 2010-13 = 1.5% annual growth
- FY 2014-23 = 1.0% annual growth
- FY 2024-38 = 0.5% annual growth

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## \$4.5 Billion State Highway Bonding Package



### Gas tax growth assumptions

- FY 2005 base = \$640 million
- FY 2017 = \$756 million
- FY 2038 = \$865 million
- Provides \$2.7 billion in new revenue for Trunk Highway Fund, FY 2006-38, over FY'05 base.

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## \$4.5 Billion State Highway Bonding Package



### Tab fee growth modeling assumptions

- FY 2006-09 = Dept. of Finance projections
- FY 2010-38 = 2.5% annual growth
- FY 2005 base = \$492 million; FY'17 = \$686 million; FY'38 = \$1.15 billion
- Provides \$5.9 billion in new revenue for Trunk Highway fund, FY 2006-38

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## \$4.5 Billion State Highway Bonding Package



### Fed. funding growth assumptions for state highways

- FY 2008-11 = \$75 million/year over 2005 base
- FY 2012-17 = \$125 mil./yr. over 2005 base
- FY 2018-23 = \$175 mil./yr. over 2005 base
- FY 2024-38 = \$225 mil./yr. over 2005 base
- FY 2005 base = \$327 million
- Provides \$5.4 billion in new revenue for Trunk Highway Fund, FY 2006-38

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## \$4.5 Billion State Highway Bonding Package



### FAST Lane revenue assumption

- FY 2008-38 = approx. \$950 million total
- 100% dedicated to debt service
- Either private debt or state debt

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## \$4.5 Billion State Highway Bonding Package



- Conservative growth projections identify \$8 billion available for TH Fund debt service, FY 2006-38
- Bonding package debt and interest assumptions identify \$6.7 billion in debt service needs, FY 2006-38

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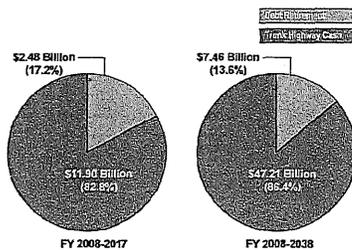
## Bonding is Responsible Fiscal Management



- Bonding package founded on conservative revenue growth estimates
- Total debt service (current & proposed) <18% of total TH Fund revenues, FY 2008-2017
- Total debt service (current & proposed) <14% of total TH Fund revenues, FY 2008-2038

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## TH Fund Debt Service % of Total TH Fund Revenues



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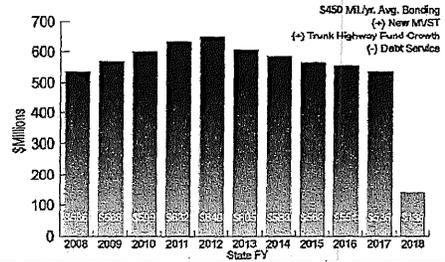
## Total Package Impact on Trunk Highway Fund



- Bonding + MVST transfer provides Trunk Highway Fund \$5.45 billion in additional investment power, FY 2008-17
- Average of \$545 million per year

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## Trunk Highway Fund Increases, FY 2008-2017



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## Package Compared to Tax Increases



- Adding \$5.45 billion investment power to Trunk Highway Fund, FY 2008-17, with gas tax revenues would require a 25-cent/gal. increase - now
- Adding \$4.5 billion investment power to Trunk Highway Fund, FY 2008-17, with gas tax revenues would require a 20-cent/gal. increase - now
- Financing debt service alone, FY 2006-37, would require 10-cent gas tax increase - now
- MVST dedication equal to 7-9 cent/gal. gas tax increase

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## Package compared to Tax Increases



- Increasing taxes not necessary to move transportation projects forward
- 12 of 12 (100%) transportation bonding initiatives approved by voters across the country in 2004 election
- 12 of 22 (54%) transportation tax increase initiatives approved by voters

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**"Transportation is a vital link to Minnesota's future. Now is the time to take bold, historic steps to ensure that we have a transportation system that serves Minnesotans well into the 21<sup>st</sup> century."**

Governor Tim Pawlenty

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**Even Building More. Building Faster. Moving Better.**

**2005**

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