



March 21, 2022

SF3081 – Newman: State general sales tax revenue related to motor vehicle repair and replacement parts allocation exclusively to fund roads.

Dear Chair Rosen and Members of the Senate Finance Committee:

On behalf of the 230 member organizations of the Minnesota Transportation Alliance, I would like to urge support for SF3081.

The Minnesota Transportation Alliance supports legislation that dedicates all of the revenue generated by the sales tax on auto repair parts to transportation. Dedicating all of the revenue from the existing sales tax on auto repair parts will provide the needed funds to match formula funds being made available through the federal Infrastructure Investment and Jobs Act (IIJA) while also reducing the ongoing funding gap in transportation.

Current law dedicates \$145.6 million per year of the revenue from sales tax on auto repair parts to transportation. Increasing the amount of the dedication would provide more stability over the five-year life of the IIJA and beyond. The increased funding amount would be similar to the dollar amount recommended by the governor in his supplemental budget recommendation over the next four years, adding to the base level of funding, so the impact on the general fund will be similar.

In addition to providing needed matching dollars, the dedication of the sales tax on auto repair parts can be used to reduce the significant funding gap the state faces for the foreseeable future. While the IIJA provides a major increase in federal transportation funds, it does not take care of all of the funding needs on the system. Directing dollars into existing transportation accounts allows for the most efficient use of these dollars whether to match new federal funds or to invest directly in Minnesota's transportation system.

Sincerely,

Margaret Donahoe
Executive Director

Since 1893

525 Park St., Ste. 240 ● Saint Paul, MN 55103 ● 651/659-0804 ● Fax 651/659-9009
Email: margaret@transportationalliance.com ● www.transportationalliance.com