

March 20, 2023

Chairs Dibble and Hornstein, Ranking Member Jasinski, Lead Petersburg, and Members of the Senate and House Transportation Finance and Policy Committees:

On behalf of the 29,000 members and family members of Laborers' International Union of North America (LIUNA) Minnesota and North Dakota, I am writing in support of SF 414/HF 1291 and SF 795/HF 1012. We support dedicating 100 percent of the taxes from the sale and purchase of motor vehicle repair and replacement parts to fund transportation.

Minnesotans want safer roads and bridges, and more transit options. Minnesota's crumbling infrastructure is putting our safety at risk. The American Society of Civil Engineers recently graded our roads a 'D+', bridges a 'C' and transit a 'C-'. Fixing thousands of miles of roads in poor condition and hundreds of structurally deficient bridges need to be a top priority. Dedicating 100 percent of the sales tax on auto parts and repairs will make Minnesotans safer, create thousands of family-supporting construction careers and boost our economy.

Minnesota is facing an \$30 billion funding gap over the next 20 years just to maintain our current system of state and county highways, city streets, town road, bridges and transit. Approximately one-third of road and bridge funding comes from the state fuel tax. With more fuel efficient vehicles and anticipated growth in electric vehicles, the outlook for transportation funding is not good. Minnesota needs new, dedicated revenue to meet the need.

As you know, under current law, a fixed portion (\$145.6 million annually) of the sales taxes on auto parts and repairs is credited to the highway user tax distribution fund (HUDTF). When this law was adopted in 2017, this portion accounted for 55 percent of the sales tax collected. Today, \$145.6 million accounts for only 43 percent of the sales tax collected annually. SF 414/HF 1291 and SF 795/HF 1012 would add approximately \$205 million in transportation funding per year. Unlike the state fuel tax, the sales tax on auto parts and repairs will grow with inflation and dedicate an additional roughly \$10 million per year to the HUDTF — taking us one step closer to catching up and keeping up in the future.

Less than half of one percent of general funds go towards transportation. With a \$17.5 billion budget surplus, now is the time to solve Minnesota's transportation funding gap. Together, with bipartisan support and a growing coalition of supporters, let's get this done this year.

Thank you for your consideration.

Respectfully,



Joel Smith
President and Business Manager