Legislative report on motor vehicle title transfer fee funds

How the MPCA works to reduce the environmental impacts of automobiles

Minnesota Pollution Control Agency

November 2015

Legislative charge

In the 2015 Legislative Session, the Legislature required the following:

LEGISLATIVE REPORT ON VEHICLE TITLE TRANSFER FEE FUNDS.

By November 1, 2015, the commissioner of the Pollution Control Agency shall submit a report on motor vehicle title transfer fee funds to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation and environment policy and finance. At a minimum, the report must (1) identify the annual amount of revenue from the motor vehicle title transfer fee under Minnesota Statutes, section 115A.908, over fiscal years 2012 to 2015; (2) evaluate the policy rationale for allocation of revenue from the title transfer fee; and (3) specify uses of funds from the title transfer fee, including identification of any motor vehicle, road, or bridge purposes for which funds are used.

History of Motor Vehicle Title Transfer Fee

The Motor Vehicle Title Transfer Fee (MVTF) was first established in law in 1972, charging $1 per automobile title transferred to fund an MPCA grant program for collection of abandoned automobiles. The Waste Management Act (Chapter 115A) established the current MVTF in 1984. Section 115A.908 specified a $4 fee on initial registration of a vehicle weighing more than 1,000 pounds and at each subsequent title transfer. Originally, the statute had a sunset date of 1994, which the Legislature extended in 1992 and 1995. The continuing need to fund pollution-prevention and cleanup activities related to auto pollution, including Superfund sites, prompted the Legislature to eliminate the sunset altogether in 1997. An August 2002 statewide survey performed by St. Cloud State University found that 60% of Minnesotans supported a $6.00 increase in the MVTF if it were used to "pay for both new and existing environmental protection programs related to vehicle pollution."

In 2003, due to revenue shortfalls, the MVTF was redirected for deposit to the General Fund. In 2005, the fee was raised to $10.00 per title registered or transferred and continued to be deposited in the General Fund. However, in 2007, the MVTF was redirected for deposit to the Environmental Fund, where it has remained in the subsequent years.

Authors

Michelle Beeman
Greta Gauthier
Kirk Koudelka
Cathy Moeger

Editing and graphic design

Mary Connor
Tanja Michels

Estimated cost of preparing this report

(as required by Minn. Stat. § 3.197)

Total staff time: 54 hrs.	$2,981.94
Production/duplication	$ 27.03
Total	$3,008.97

Minnesota Pollution Control Agency

520 Lafayette Road North | Saint Paul, MN 55155-4194 |
651-296-6300 | 800-657-3864 | Or use your preferred relay service. | Info.pca@state.mn.us
This report is available in alternative formats upon request, and online at www.pca.state.mn.us.

Document number: lrp-gen-2sy15

Foreword

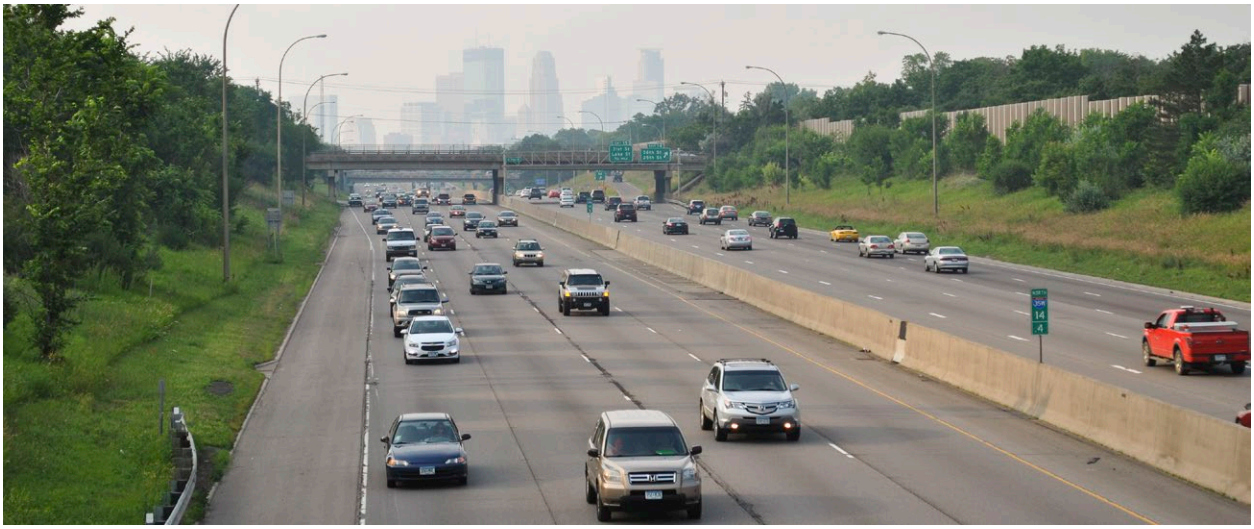
Every year, the legislature appropriates money to the MPCA for permitting, compliance, and enforcement, pollution prevention activities, restoration of contaminated water, and remediation of polluted land that directly result from the environmental impacts of automobiles, roads, and bridges. For this purpose, proceeds of the Motor Vehicle Title Transfer Fee (MVTF), along with proceeds or partial proceeds of many other environmental fees and taxes are deposited in the Environmental Fund.

The Environmental Fund was created in 2004 by consolidating a number of separate environmental fees and taxes, including the Motor Vehicle Transfer Fee. That consolidation continues to allow the agency to most efficiently fund staff who work across the water, air and land programs to tackle the priority pollution challenges in an integrated manner. Then, as now, statutorily authorized permit fees don't come close to covering the cost of issuing permits, inspecting and monitoring facilities, and taking enforcement action. The agency relies on the full range of fees and taxes to accomplish our legislatively directed activities. Money from the Environmental Fund is also transferred to the Remediation Fund to pay for environmental cleanup projects, as directed by the Legislature.

There have been past inquiries as to whether the MVTF should continue to be directed to MPCA's work. In 2003, a stakeholder group (The Funding Options Working Group) recommended to the Legislature that the MVTF remain a funding source for environmental activities because of the clear nexus between air pollution and the increasing impacts from automotive vehicle emissions. Currently, the MVTF proceeds that go into the Environmental Fund support about 80 FTEs of activities at MPCA focused on reducing not only air pollution impacts from automobiles, but also the environmental impacts of road and bridge construction and maintenance, and other aspects of automobile and vehicle use and disposal.

Motor Vehicle Title Transfer Fee Revenues FY12-FY15

Fiscal Year	FY2012	FY2013	FY2014	FY2015
Revenue deposited into Environmental Fund	$9,805,142	$9,934,964	$10,398,414	$10,750,938



MPCA activities relating to construction and maintenance of roads and bridges

Our staff works directly to reduce the environmental impacts of constructing roads and bridges across Minnesota. Much of this work is done in cooperation with the Minnesota Department of Transportation (MnDOT) and local units of government.

Asphalt plant permits

There are hundreds of asphalt production facilities around the state that require air and other permits to keep them in compliance with environmental rules preventing air, land, or ground water pollution. This requires work from our permit engineers, compliance inspectors, and related support services.

Road salt application

Road salt poses a serious threat to water quality in many areas of the state. The MPCA works with MnDOT in the voluntary Road Salt Applicator Certification Program. By safely reducing the amount of road salt applied to roads, we reduce the resulting chloride contamination of surface and groundwater. MPCA's 2015 water monitoring report showed that 30% of Twin Cities metro area groundwater wells have too much chloride. Thirty-nine metro-area bodies of water currently test above the water quality standard for chloride. An additional 38 surface waters are near the chloride standard and many others are unknown. The data show that salt concentrations are continuing to increase in both surface waters and groundwater across the state. It is very difficult and costly to remove chloride from water, so preventing chloride contamination is the top priority. MPCA staff address road salt impacts to water quality through water quality monitoring, water standards development, watershed assessment, stormwater management, and certification and training.

Construction stormwater permits

The MPCA provides stormwater permits to road and bridge construction projects and ensures contractors comply with stormwater controls, which keep construction-site runoff out of adjacent lakes, streams, and wetlands. We conducted 14 inspections at MnDOT construction sites and issued 74 construction stormwater permits to MnDOT in 2014. In addition, we performed fourteen 50-acre reviews in 2014 for road and bridge construction at the state and local level. In 2014, we lent our expertise at 48 construction stormwater training events with the University of Minnesota, which included teaching best management practices related to road and bridge projects.

Bridge painting complaints

The MPCA investigates environmental complaints regarding sand blasting paint off bridges and controlling the visible drift during painting of bridges. Typically, these complaints center on air emissions problems, but also could result in land and/or water contamination. This work involves inspectors, as well as technical experts in air and water monitoring.

Roadside planting assistance

We provide technical assistance to MnDOT and local units of government on the use and availability of compost for roadside vegetation and soil reconstruction, including assisting on a near-road vegetation project to mitigate vehicle emissions (along I-35E in St. Paul).

Alternative pavement-materials development

We assist with market development of supplies for alternative pavement materials, such as glass and roofing shingles. Using alternative materials in pavement develops markets, and associated jobs, in recycled materials and often has maintenance benefits as well.

Traffic barrier deconstruction

We oversee testing and cost effective solid waste disposal of chemically treated lumber from noise barriers, which would otherwise need to be expensively disposed of in hazardous waste facilities. This involved our technical staff in both hazardous waste management and solid waste disposal regulation.

Superfund sites with road and bridge debris

A MnDOT site in Mankato containing road and bridge material is part of our Voluntary Investigation and Cleanup program. If a proposed ramp through the site is built, then additional work is required. Three other sites with road and bridge materials are also on the State of Minnesota's Superfund project list. The MPCA oversees monitoring and cleanup of many Superfund sites in Minnesota. The agency's technical remediation staff, including hydrologists, engineers, soil scientists, and waste disposal experts, are tasked with these cleanups, which are extensive administrative actions, due to federal requirements and multiple contaminants.

MPCA activities related to automotive production and use

MPCA staff work on reducing the environmental impact of automobile production and use, including activities related to vehicle maintenance and repair.

Automotive production

Permits for automotive manufacturing or paint and coating operations

The MPCA issues and enforces air, water, and solid and hazardous waste permits for automotive parts manufacturing (metal casting, machining, fabrication, and finishing) and paint and coating operations. Cleanup activities are often required at automobile manufacturing sites (such as the Ford plant site in St. Paul).

Pollution prevention and technical assistance

MPCA's Small Business Assistance program and Pollution Prevention program both work to prevent pollution related to automobile parts manufacturing. We also provide grant funding to the Minnesota Technical Assistance Program (MnTAP) at the University of Minnesota, which helps businesses prevent pollution, efficiently use resources, and reduce energy use and costs. MnTAP has a sector focus on automobiles, including refinishing and vehicle maintenance, and assists metal finishing, fabrication, and casting operations to reduce impacts and save money.

Automotive use and maintenance

Auto repair site cleanup

Auto repair shops use chlorinated solvents for cleaning and maintenance, and the MPCA tracks hundreds of sites that need remediation from the groundwater pollution and some vapor intrusion from these solvents. Some shop locations have large enough pollution impacts to have become Superfund sites. Such sites take many hours of staff work including hydrologists, engineers, soil scientists, and other remediation experts.

Waste oil facility permitting and cleanup

The MPCA issues and enforces permits for facilities that recycle and dispose of automotive waste oil and oil filters. We also inspect and respond to complaints about businesses that generate used vehicle oil, filters, and batteries. Some locations that were used in collecting waste fuels, oils, hydraulic fluids, and

other substances from salvage yards have become Superfund sites. For instance, the Warden Oil site in Minneapolis operated as a waste oil recycling facility from 1927 to 1992. Waste oil and various oil products were stored in tanks. Leaks from tanks and piping and minor spills caused soil and groundwater contamination at the site; the MPCA performed the cleanup required with state funds, and the site has since been de-listed.

Automotive refinishing shop permits

The MPCA issues and enforces permits for 1,000 auto body shops that offer painting, finishing, and other services. A single body shop may require multiple permits from the MPCA, such as hazardous waste, air emissions, water, and underground storage tank permits. We investigate auto and body shop facilities that don't submit required air quality reports, or where we have received complaints for improper handling of oil filters or batteries. We also provide grants that help auto body shops minimize their emissions of volatile organic compounds, and reduce their regulatory requirements.

Vehicle-related air quality complaints

We respond to complaints affecting air quality, which include:

- Vehicle tampering issues
- Missing or malfunctioning catalytic converters
- Dealerships selling cars without control equipment
- Smoking cars and trucks on roads

Vehicle-fuel storage oversight

We inspect above-ground fuel tanks that store petroleum products prior to delivery, and also 12,000 underground tanks at the 5,000 Minnesota stations that dispense petroleum products. MPCA staff also direct cleanup of tanks that leak, but that work is funded by the Petrofund (which is managed by the Department of Commerce). General inspection work is not funded by the Petrofund.

Reducing near-roadway air pollution

Since passage of the federal Clean Air Act in 1963, the MPCA has successfully worked to reduce air pollution in Minnesota from regulated "point sources," such as factory smokestacks. Today, the major air pollution issues are caused by unregulated "non-point" sources such as automobile and truck emissions. To address these more diffuse sources — and the health problems they cause — representatives of business, nonprofits, and government have come together to form Clean Air Minnesota.

The MPCA provides grant support for Clean Air Minnesota's voluntary actions to both reduce air pollution and avoid new regulatory requirements for business and industry. If air pollution levels are high enough to violate federal air quality standards, additional federal regulatory requirements would be imposed on both point and non-points sources of air pollution in our state. MPCA funding directly supports several of Clean Air Minnesota's recommendations including:

- Developing minimum vehicle emission standards for state contracts
- Electric vehicle fleet expansion, workplace charging stations, and smart charging infrastructure in both the private sector and local units of government
- Promoting transportation management organizations, which provide assistance to the private sector for teleworking and alternative transportation options

Vehicle spill response

MPCA emergency response (ER) staff respond to petroleum spills from automobiles and mobile tanks (e.g., the many spills from tanker trucks and semis) and partner with first responders in communities at the accident sites. Our ER staff are part of a critical network of emergency management across the state.

Clean diesel funding

The MPCA Clean Diesel Program offers grants and loans for diesel-engine users (i.e., owners of school buses, construction equipment, or trucks) to either buy new, cleaner burning engines or retrofit machines so they pollute less. This work is also partially funded by federal dollars.

MPCA activities related to automotive disposal

The agency works to prevent and repair environmental damage from the disposal of vehicles, overseeing salvage and recycling operations and cleanup of contaminated disposal sites.

Tire recycling and disposal

The MPCA responds to complaints about improper tire disposal (primarily tire burning). We had 15 enforcement cases and responded to another 18 complaints in the past five years. Improper disposal has both solid waste and air pollution implications.

Auto recycling salvage yard oversight

In 2014, we issued and enforced stormwater permits for 96 auto salvage yards, and responded to stormwater complaints or did inspections at another 24. We also followed up on 98 complaints about tire and oil disposal at salvage yards and took enforcement action against 16. We issued permits for six facilities (scrap yards and foundries) that recycle automobiles. Auto recyclers benefit the state by reusing and recycling cars, but they have significant emission issues, particularly for mercury and other heavy metals, and particulate matter.

Auto shredder fluff use

The MPCA's solid waste management staff must approve the use of auto shredder fluff as alternative daily cover at landfills and permit disposal sites — another instance where MPCA activities allow for the repurposing of waste.

Auto battery recycling permitting

We issue and enforce permits at auto battery recycling facilities. For example, Gopher Industries, an auto battery recycler, was a major lead emitter in the metro area. It took years of work to get them into compliance with federal lead-emissions standards. This type of effort involves air permit engineers, air inspectors, and legal staff.

Superfund site cleanup

Currently, we oversee 46 salvage yards or recyclers of auto parts that are in some phase of remediation because they are Superfund or Voluntary Investigation and Cleanup sites. Site cleanup is only one part of the Superfund process. Obtaining reimbursement to the state from responsible parties is another, often lengthy process.

Conclusion

Over the past 30 years, the main sources of funding for the MPCA's broad range of pollution management and reduction work have shifted from state General Fund to pollution-related fees and taxes. These funding sources collectively support the MPCA's interrelated regulatory work. As the foregoing long list of our activities demonstrates, numerous agency staff in a variety of disciplines work daily to manage and mitigate the impacts from roads, bridges, trucks, and cars.

The proceeds of the Motor Vehicle Title Transfer Fee (MVTF) are clearly related by policy and longstanding legislative appropriations to the environmental impacts of our transportation system and the vehicles used by Minnesotans. The logical relationship between the revenue source and the purposes for which the revenue is used supports its continued flow into the Environmental Fund.

Since the MVTF's establishment 30 years ago, the need to fund road and vehicle-related pollution-prevention and cleanup, including Superfund sites, has not slowed down. The Legislature affirmed the need when it eliminated the fee's sunset in 1997. As recently as August 2002, a statewide survey by St. Cloud State University found that 60% of Minnesotans supported a $6.00 increase in the MVTF if it were used to "pay for both new and existing environmental protection programs related to vehicle pollution." The MPCA relies on this important funding to support more 80 FTEs of work and strongly advocates for its continued long-term inclusion in the Environmental Fund.