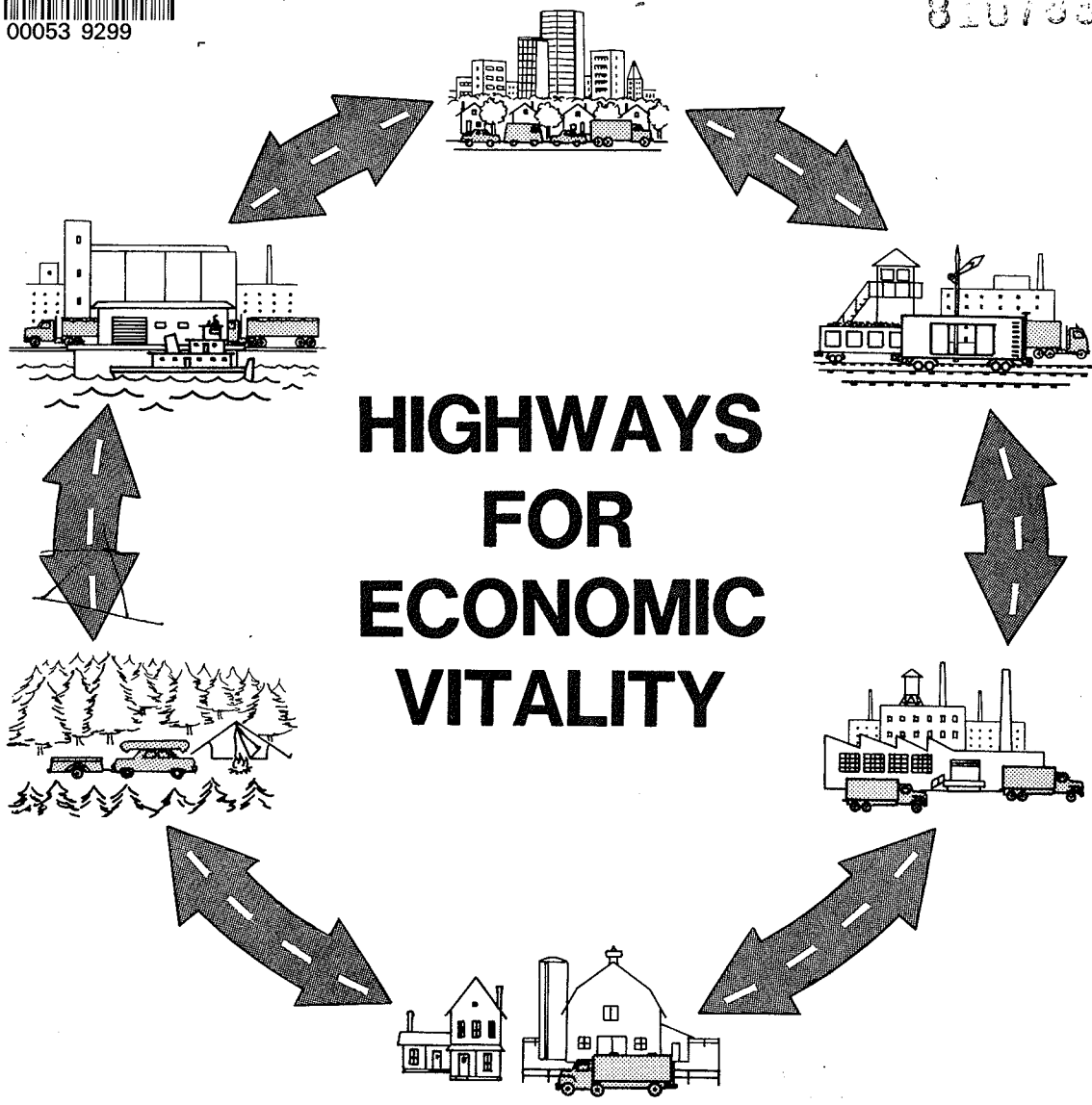




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STATE OF MINNESOTA  
**RECOMMENDATIONS**

**Governor's Task Force On  
Highways For Economic Vitality**

**February 1981**

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- Task Force estab. by Executive Order #80-6.....Recommendations were to be submitted by Task Force

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HIGHWAYS FOR ECONOMIC VITALITY  
TASK FORCE

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Labor

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Legislators

- . Lyle G. Mehrkens, House, IR, District 25B, Red Wing, (Appropriations, Judiciary, Transportation)
- . David D. Schaaf, Senate, DFL, District 46, Fridley, (Government Operations, Elections Finance, Transportation)
- . Steve Engler, Senate, IR, District 25, Randolph, (Agriculture, National Resources, Local Government, Transportation)
- . Shirley A. Hokanson, House, DFL, District 37A, Richfield, (Appropriations, Health/Welfare, Transportation)

\* Chairman

\*\* Vice Chairman

CHARGE TO THE TASK FORCE

The Responsibility of the Task Force was to provide the Governor and the Legislature of the State of Minnesota, the following information:

- . Recommendations regarding long range (6-10 years) highway needs to assure economic vitality of the State's economy.
  
- . An estimate of the funding necessary to satisfy the identified needs.
  
- . A prioritization of highway objectives (i.e., safety, maintenance, capacity, response to economic development, etc.)
  
- . Recommendation for improved resource (people and dollars) utilization.
  
- . Recommend alternative funding sources.
  
- . A strategy for implementation.

## TASK FORCE ACTIVITIES

The Governor's Task Force on Highways traveled by bus on three trips in the state and conducted public meetings in --

St. Paul	Waseca
Duluth	Thief River Falls
Grand Rapids	Ada
Princeton	Alexandria
Marshall	Bloomington

Approximately 300 citizens attended these meetings, providing both verbal and written testimony on various transportation issues.

## ISSUES, PROBLEMS & CONCERNS

### Economic Concern

The major element in the organization of economic activity is the cost of overcoming distance. In this respect it is essential that Minnesota maintain its competitive position within the Northcentral region and the nation. Highway mobility increases options for individuals and businesses whereas the deterioration or lack of development of the highway system limits the options and imposes added costs to businesses.

### Preserve the Highway System

The first issue is the continued maintenance and preservation of the existing system.

### Commercial Trucking

The second issue is the provision of sufficient load carrying capacity on the commercial highway network to handle inter and intra state commerce. Minnesota does not have a completely integrated, consistent network of highways rated to carry commercial tonnage.

### Traffic Congestion

The third major issue is the provision of sufficient vehicle carrying capacity throughout the system to accommodate traffic volume. With a few exceptions, Minnesota's rural highways are adequate in this respect.

### Gaps in Highway Routes and Uncompleted Segments

There are more than a few long planned route improvements that remain incomplete. Years of planning and public expectation are frustrated by project deferrals and cuts. In some cases, segments of a route have been improved leaving old and inadequate highways between newer segments. Or route improvements progress slowly over so many years that their benefits are unrealized.

### Interstate Completion

Time is also running out for completion of Minnesota's portion of the national interstate freeway system. The dedication to this program, although essential, has detracted from other highway needs for the past 25 years.

### The Highway Funding Problems

#### Inflation

Inflation has hampered the ability of State, Local, and Federal governments to preserve the in-place roadway network.

#### Fuel Conservation

Inflation is not the only factor at work. Another important aspect is the substantial slow-down in the rate of gasoline consumption in recent years. This, of course, has a direct effect on the rate at which fuel tax revenues grow.

### Vehicle Registrations

Another crucial source of revenues for highways, roads and streets in Minnesota are motor vehicle registration fees. This source provides roughly 36.0% of the receipts. However, in the future (Fiscal year 1981-83) receipts are expected to grow at only an average annual rate of 4.8%.

### Property Tax Burden

City and County state aid roads depend on funds from state user fees. Without adequate user fees, local units of government have to raise property taxes in order to maintain and preserve their most important highways.

### Highway Program Cuts

As a result of the increasing costs and declining revenues, the Minnesota Department of Transportation was forced to cancel \$122 million (61 projects) in trunk highway projects in August of 1979.

During May, 1980, the Department announced a further reduction in the highway construction program of \$130 million.

### Highway Priorities

With the decline of financial resources, the priorities have had to shift to preservation of the in-place state aided highway investment.



## RECOMMENDATIONS

In order to meet the demands that are currently being placed on the State's public road system and the increased demands which are projected for the future, the public road system must not only be preserved but improvements to that system which will facilitate economic growth must also be made. Only then can Minnesota remain economically viable and competitive with other states.

### New Perspective for Highway Improvements

The on-going revitalization of Minnesota's highways is a major factor in maintaining and strengthening state and local economic vitality. There has been demonstrated support for user financing of the highway network. All citizens of Minnesota, whether or not they own and operate a motor vehicle, depend on highways and, in this respect, can be considered highway users. Commensurate with this, all citizens have the obligation and responsibility to support the infrastructure. Current users, those who own vehicles and drive on the system, should bear the current costs of maintaining and preserving the in-place system. This goal can be accomplished through the mechanism of the dedicated fund.

Long range financing of improvements should be handled in the same manner as capital improvements to the State. Recognizing that the Legislature has the ultimate responsibility to decide on what improvements the State can afford, bonding, subject to legislative approval, should be utilized to finance any capital improvements. Constitutional constraints should be relieved so that the Legislature, with input from Mn/DOT, is accountable to the electorate for the highway system.

### Preservation Needs

The Task force recommends that road user taxes be increased to provide for the preservation of the state aided highway system. Preservation of the in-place road system benefits current users of the system.

## Preservation of the System: Funding

### Motor Fuel Increases

The Task Force recommends an increase in the motor fuel tax of 2 cents a year for the next five years.

### Vehicle License Increases

The Task Force recommends that the revenue from vehicle registrations be substantially increased.

### Trucking License Changes

The Task Force recommends that the truck licensing system be simplified, adjusted for equity and substantially increased.

Pickup trucks, vans and other light trucks should be comparable to automobiles in their fee schedule.

The minimum fee for light trucks must also be increased to prevent pickups and vans from registering at a higher gross weight (over their physical capacity) in order to pay a lesser annual fee.

Truck license fees should not be reduced with age.

The significantly reduced license rates for trucks limited to operate only in cities should be eliminated.

Small farm trucks (including pickups) should continue to receive a truck license advantage because of their seasonal use. Semi-trucks (over 45,000# G.V.W.) should not be allowed a farm advantage in the license fee structure.

The hauling of special products should not receive any licensing advantage.

Recreational vehicles should be licensed comparable to trucks.

Truck license fees should be significantly increased.

### Auto License Adjustments

Auto license fees should be reviewed for increases. Minimum auto fees should be substantially increased.

The task Force recommends increases in motorcycle fees.

One possible method of adjusting license fees is portrayed in the following example:

VEHICLE LICENSE FEE CHANGES  
AN EXAMPLE

	Present Revenue \$ Million (%)	Increase \$ Million	Proposed Revenue \$ Million (%)
1. Auto's	\$79.1 (64.0)	\$6.9	\$86.0 (38.2)
2. Pickups & Vans (Y,R,YW) 9000# G.W. or less - Use Auto Schedule: ad valorem	\$11.2 ( 9.1)	\$6.9	\$18.1 (8.0)
3. Urban Trucks (U) - same as other trucks	\$ 0.8 ( 0.6)	\$2.6	\$3.4 (1.5)
4. Farms Trucks (T) - Eliminate Farm Discount over 45,000# G.W.; Farm discount at 50% trucks	\$ 3.6 ( 2.9)	\$6.9	\$10.5 (4.7)
5. Old Trucks (U,T,Y, PR, PP, RV) - Same rate as new trucks	- -	\$12.5	\$12.5 (5.6)
6. Trucks (Y,T,U)	\$11.0 ( 8.9)	\$40.6	\$51.6 (22.9)
7. Mn Prorate Trucks (PR)	\$10.0 ( 8.1)	\$14.9	\$24.9 (11.1)
8. Foreign Prorate Trucks (PP)	\$ 4.2 ( 3.4)	\$ 6.2	\$10.4 (4.6)
9. Recreational Vehicles (RV) - same as trucks	\$ 0.4 ( 0.3)	\$ 1.0	\$ 1.4 (0.6)
10. Truck Trailers	\$ 0.2 ( 0.2)	\$ 2.2	\$ 2.4 (1.1)
11. Other Trailers (Z,HZ)	\$ 2.0 ( 1.6)	-	2.0 (0.9)
12. Commercial Bus	\$0.13 ( 0.1)	\$ 0.13	\$0.26 (0.1)
13. School Bus	\$0.11 ( 0.1)	-	\$0.11 (0.0)
14. Motorcycle, Mopeds	\$0.8 ( 0.6)	\$ 0.8	\$1.6 (0.7)
15. Other (classic, etc.)	\$0.06 (0.0)	-	\$0.06 (0.0)
TOTALS	\$123.6 (100.0)	\$101.6	\$225.2 (100.0)
Summary			
Autos	\$79.1 (64.0)		\$104.1 (46.2)
Trucks	\$41.4 (33.5)		\$117.1 (52.1)
Other	\$ 3.1 ( 2.5)		\$ 4.0 ( 1.7)

## Collection Costs

The Task Force strongly recommends that all collection costs be included in the license fee. This would remove the irritating appearance of a fee charged to collect a fee.

## Summary

The Task Force recommends:

- increasing the motor fuel tax 2 cents per gallon each year for five years
- substantially increase the revenues from motor vehicle licenses by simplifying the system, making equity adjustments and general increases. One method of changing vehicle license fees is shown as an example.

A combination of these two traditional highway revenue sources must add \$360 million dollars over the next two years just to preserve the existing system.

## Improvements to the System: Needs

The Task Force recommends that Mn/DOT biennially report to the Legislature the capital improvement needs for the next ten years. The legislature can then decide the amount of funding to be authorized for the next two years and take appropriate actions towards future program levels.

## Improvements to the Trunk Highway System: Funding

The Task Force recommends that capital projects which will result in an improvement to the existing system, should be funded with general obligation or highway bonds in the event that sufficient state dollars are not currently available.

The Task Force recommends that a reworded constitutional amendment be resubmitted to the voters to remove the interest and issue limits on Trunk Highway Bonds.

The Task Forces recommends the authorization of \$240 million in bonding for the 1982-83 biennium to be used for Interstate, Bridge and Major Projects on the trunk highway system.

The Task Force recommends that the repayment of general obligation bonds for highways be accomplished by additional sales tax on the transfer of motor vehicles.

### Interstate Completion

The Task Force supports completion of the interstate system or approved substitute projects.

### State Economic Strategy

The Task Force urges the Governor and the Legislature to establish an economic development strategy for the State and a process for creating an economic development plan which can guide governmental agencies as they plan with the

### Mn/DOT Efficiency

The Task Force commends the Department on its efforts to improve the overall efficiency of its personnel, and recommends that similar efforts continue in the future.

### Programming

The Task Force supports the continued refinement of the programming process by the Department of Transportation with emphasis on effective public involvement.

### Project Delays

The Task Force recommends that the Governor and Legislature adopt a process to reduce the lead time for major projects to three years from inception to time of initial investment. The process for obtaining environmental permits from state agencies should be streamlined, an environmental court created and legislative deadlines imposed.

### Roadway Jurisdiction

The Task Force recognizes that some public roads and bridges by nature of their location, length and the areas they serve are more closely linked to the economy of the State for the transporting of goods and people than are other public roads. Those roadways of local economic significance should be supported with local dollars.

The Task Force recommends that a study of the existing jurisdictional arrangements be made with the focus of the study being the function of the particular roads.

## Truck Weights

The Task Force recognizes the need for a basic system of 10-ton routes to support the economic activity of the State. Limited funding prohibits the development of a complete network of 10-ton routes therefore the Task Force recommends that alternatives to the existence of a complete 10-ton system be considered. Alternatives include allowing trucks to legally add an axle.

## Bridges and Alternatives

The Task Force recommends that repair and reconstruction continue for necessary bridges. Cost effective alternatives should be considered especially for less necessary bridges. This should include the possibility of abandonment of a roadway as well as funds being available for roadway construction in lieu of repair and reconstruction of an unnecessary bridge.

## Bypass Cost Sharing

Financing of bypass projects should be based on a cost-benefit analysis to allocate appropriate cost responsibilities to local units of governments.

## Rails & Waterways

The Task Force believes that Minnesota and the nation must maintain and preserve a basic rail system for the efficient movement of bulk commodities over long distances.

Minnesota must also support its ports and waterways for the efficient movement of goods to and from markets outside of the State and the nation.

## Funding Alternatives Discussed

Alternative funding sources which were discussed and not recommended at this time include:

- Imposition of a ton-mile tax
- sales tax on motor fuel
- transfer of motor vehicle sales tax from the general fund
- transfer transportation-related portion of the general sales tax from the general fund
- increase the general sales tax and dedicate all or part of the increase to the HUTDF
- transfer the funding of the Department of Public Safety to the general fund
- variable gasoline tax

These alternatives were not recommended at this time because of their complexity, confusion, lack of popular support, or negative impacts on the general funds.