



# LEGISLATIVE UPDATE

## State Representative Jeanne Poppe

### Minnesota House of Representatives

Dear friends,

As we approach the closing days of the 2005 Legislative session, the challenge of getting the job done on time is before us. As dictated by the Constitution, we are required to finish our work by May 23 or call a special session. I believe that everyone here is committed to completing our work on time, however, there are significant challenges remaining. Working together and compromise will be the key ingredients to reaching agreement on the many big issues to be decided in these final days.

Thank you again for your support.

*Jeanne Poppe*

HOW TO REACH  
State Representative

**Jeanne  
Poppe**

231 State Office Bldg.

St. Paul, MN 55155

(651) 296-4193

Toll Free

1-888-682-3180

E-Mail:

rep.jeanne.poppe@house.mn

#### TRANSPORTATION BILL

Maybe the biggest accomplishment of the last few weeks was the passing of a significant transportation bill in the House. In a true bipartisan effort, a package was approved that will put \$770 million into a beleaguered system that is falling behind about \$1 billion each year.

An amendment offered by Republican representative Ron Erhardt added the significant funding components in the bill. It includes a gas tax increase, 5 cents a gallon this year and another 5 cents by 2008. The state gas tax is currently 20 cents a gallon and was last increased in 1988. Each penny of new gas tax raises \$32 million annually.

This bill also generates revenue by increasing license tab fees on new vehicles and \$100 million in Trunk Highway bonds per year beginning in FY06. Funding for public transportation was also increased.

I supported this bill because it is good for our state, including rural Minnesota. In our district alone we know the problems we have with HWY 218 and HWY 56. In Mower and Fillmore Counties we have some of the worst bridges in the entire state. This bill will give Mower County alone at least an additional \$15.5 million over the course of the next 10 years. Fillmore County will receive almost \$19 million. These funds are a substantial boost to address problems that are steadily getting worse.

Here are some more facts about the bill that will dispute some of the myths out there:

#### **Myth**

With a 10-cent gas tax increase, Minnesota would be 3<sup>rd</sup> or 4<sup>th</sup> in the nation in gas tax rates.

#### **Fact**

According to the American Petroleum Institute, when comparing all state sales taxes, gross receipts taxes, underground storage tank taxes and state and federal excise taxes, Minnesota would be tied for 10<sup>th</sup> with a 10-cent increase in our current 20-cent per gallon state gas tax. Our combined state and federal tax is 38 cents with a 2-cent per gallon underground storage tank tax that blinks for several months each year. At 48 cents per gallon in state and federal tax, the states ahead of us would be:

New York – 58 cents

Hawaii – 57 cents

California – 57 cents

Nevada – 52 cents

Connecticut – 51 cents

Wisconsin – 51 cents

Rhode Island – 49 cents

Florida – 49 cents

Washington – 49 cents

#### **Myth**

During the first two years of this plan, automobile owners will pay \$380 million in new taxes.

#### **Fact**

A five-cent gas tax increase costs the average driver \$50 per year or about 38 cents per day. The tab fee increase will only impact people when they purchase

a new vehicle. No one will pay more on a vehicle they currently own than they paid previously.

### **Myth**

Metropolitan transit will receive a “windfall” under this bill. They are claiming a deficit of \$60 million and the current state allocation is \$117 million for the biennium. This bill provides \$152 million for metropolitan transit.

### **Fact**

Metropolitan transit and Greater Minnesota transit systems receive state revenue from 2 sources: the general fund and the motor vehicle sales tax. General fund revenue for metropolitan transit is \$117 million and MVST revenue is \$240 million for the biennium, providing a total of \$347 million in state funds for the current biennium.

### **Myth**

There are substantial increases in tab fee and gas tax that are dedicated to Metro Transit, resulting in a loss of \$5 million to the Trunk Highway Fund in FY2006.

### **Fact**

Article XIV of the Constitution of the State of Minnesota dedicates all revenue from motor vehicle registration tax (tab fees) and motor fuel taxes to the Highway User Tax Distribution Fund (HUTDF). The Constitution further requires that all revenue in the HUTDF be used for a “highway purpose.” This revenue **cannot** and **has not** been used for transit purposes.

There is no loss of revenue to the Trunk Highway Fund under this amended bill. There is a shift of motor vehicle sales tax revenue currently going to the Trunk Highway Fund back to the general fund to ensure that there is no loss of revenue from the capture of ¼ cent of the metropolitan area sales tax. However, with the combination of gas tax increase, tab fee increase and trunk highway bonding, the Trunk Highway Fund receives a net increase of over \$103 million. In addition, no county or municipal aid is shifted resulting in significant increases in the County State Aid Highway (CSAH) and Municipal State Aid (MSA) funds. By FY2009, the bill generates over \$500 million in new revenue for highways statewide.

### **Myth**

Rural roads and bridges suffer under this bill.

### **Fact**

Rural roads and bridges haven’t had a significant increase in revenue since 1988, the last time the gas tax was increased. This bill provides more CSAH money for all 87 counties in Minnesota and more MSA funds for all 136 MSA cities. **No county or city funds could be shifted to metropolitan transit.**

### **Myth**

The public doesn’t support an increased investment in transportation.

### **Fact**

A poll conducted by the Itasca Project in late 2004 found that a majority of respondents were willing to pay \$50 or more per year to improve transportation problems. The latest survey conducted by the Metropolitan Council found that traffic congestion ranked number 1 in quality of life concerns on the part of metropolitan area residents. People are very concerned about the fact that over 600 Minnesotans have been killed annually on average during the last decade in traffic crashes. The fatalities have occurred predominately on rural, two-lane highways. Investments to widen and improve these highways will make them much safer.

### **CSAH Formula**

The County State Aid Highway (CSAH) formula contained in the amended bill was developed over the summer by the Association of Minnesota Counties with input from both metro and rural counties. The new formula would only apply to new dollars generated and would distribute the money based 40% on the number of vehicles registered in the county and 60% on the basis of needs determined by the county engineer. All 87 counties signed off on this proposed formula change.

## **MINIMUM WAGE INCREASE**

Another bipartisan success recently was the passage of the minimum wage increase. This has not been increased for over eight years and is currently at \$5.15 an hour. When you consider the rate of inflation over the past eight years and the rising cost of goods and services, this increase is long overdue.

For employers with annual gross sales of more than \$625 thousand, this bill will raise the minimum hourly wage to \$6.15 an hour beginning August 1, 2005. Employers with annual gross sales of less than \$625 thousand will be required to pay an hourly wage of \$5.25 an hour beginning August 1. Minimum wage for training purposes will be raised to \$4.90 an hour.

The passage of these two bills in the House is a good indication of what we can get done with bipartisan support. I am optimistic that that this spirit of compromise will continue as we complete the business of the State Legislature in the final days of this session.