

May 9, 2022

Representative Michael Nelson
Representative Frank Hornstein
Representative Mary Murphy
Representative Erin Koegel
Representative Jim Nash

Senator Mary Kiffmeyer
Senator Scott Newman
Senator Jeff Howe
Senator John Jasinski
Senator Scott Dibble

Dear HF4293/SF3975 Conference Committee Members:

The Minnesota Inter-County Association (MICA) represents fifteen of Minnesota's larger and faster growing counties, including four suburban and eleven Greater Minnesota counties. We write to offer feedback on selected provisions of HF4293/SF3975.

State Government Articles

- MICA supports and appreciates that both bodies include language authorizing counties with populations under 100,000 to utilize the equity investment options available under Minn. Stats. 118A.09; if the local unit has attained a general obligation bond rating of AA or higher from one or more national rating agencies within the prior 18-month period (House Article 2, sections 56-57, Senate Article 5, sections 21-22). This change would allow well-managed local governments to earn more than the typical 1-2% earnings, including on assets required to be held for long-term liabilities, such as post-retirement benefits, landfill post-closure accounts, and other long-term reserves, within established investment safeguards.
- County and Local Cybersecurity Grants (House Article 1, Section 6, and Article 2, Section 29). Like state government, county technology systems host significant amounts of private and sensitive data, are highly integrated with state systems, and are integral to safe communities and local economic activity. Those systems face constant and costly cybersecurity threats. The proposed grants to political subdivisions would support a more robust and integrated response system.

Transportation Articles

Minnesota counties have jurisdiction over 45,000 of our State's 142,000 miles of roads and highways. Counties and other local governments also oversee 16,017 bridges - 80% of all bridges in the state. The condition of state and local transportation infrastructure is falling behind. For example, over 1,124 of the state's bridges are structurally deficient, another 400 or more are functionally obsolete. A 2020 MnDOT Bridge Annual Report found that 1,438 bridges have load limit restrictions.

Increased funding for local transportation infrastructure is urgently needed and a key county priority. We appreciate and respectfully urge conferees to approve the following funding provisions.

- **Full Funding for all federal IJA Match Requirements** – We appreciate that the House and Senate both include IJA match funds for local projects. Providing full funding for state and local match, for all five years of federal IJA including for competitive federal grant opportunities, will best ensure that Minnesota can fully leverage federal dollars to improve the condition, resiliency, and sustainability of Minnesota’s transportation system. We also support match funding for transit, notably including for **Greater MN transit federal match** and grant opportunities (House Article 11, section 2, subd. (2)(b) and Senate Article 3, section 2, subd. (4)(a)).
- **Increased CSAH – 100% Dedication of Auto Parts Sales Tax Revenue for Transportation** – Statutory dedication of all auto parts sales tax revenue to transportation would provide an immediate, significant commitment of resources to help address the backlog of needed investments. We support the dedication of this revenue stream to transportation purposes (Senate Article 10, section 20) to improve the safety of the roads and bridges that connect farms to markets, manufacturers to shippers, and employees and employers.

Additionally, MICA supports the significant improvements that would result from the proposed investments in ‘corridors of commerce’ road and bridge projects as proposed to be funded from Trunk Highway Bonds (Senate Article 2, relevant sections 8 through 25).

- Our association opposes changes to existing state law to allow individual counties to set lower speed limits on certain county roads without a transportation and engineering study (House Article 13, section 30).
- We also oppose language making counties responsible for funding transit guideways (Senate Article 11, Section 9).

Independent Expert Review

Many counties operate licensing centers to provide Deputy Registrar services and other regulatory functions at a common location as a convenience to residents. These operations have historically been self-supporting but are increasingly reliant on a subsidy from general revenues, such as property taxes. This has been particularly true as higher costs to process REAL ID and other complex transactions shifted to Deputy Registrars, while processing fees have remained flat and registration renewal transactions have shifted on-line. We appreciate the analysis and recommendations provided by Mr. Rick King and Independent Expert Review (IER). We encourage conferees to adopt reasonable transaction fee increases along with revenue sharing of on-line transaction fees with Deputy Registrars.

Pensions Articles 7- 10 (House Only)

Public pensions are an essential part of compensation and benefits for current and former employees. We appreciate efforts to ensure pension benefits maintain value over time, particularly in the context of recent, rising inflation rates. If enhanced pension benefits are adopted this session, we respectfully urge that those actions:

- Maintain PERA's financial stability and trajectory toward achieving full actuarial funding;
- Ensure full state funding for the immediate and long-term costs of any new or enhanced pension benefit, and in a way that supports generational equity between contributions and benefits; and
- Maintain historic pension plan contribution funding ratios for employers and employees.

Thank you to all conference committee members for your work toward reaching a bi-partisan agreement on HF4293.

Sincerely,



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