



DEDICATED TO A STRONG GREATER MINNESOTA

May 7, 2022

Chair Michael Nelson
585 State Office Building
St. Paul, MN 55155

Chair Mary Kiffmeyer
95 University Avenue W.
Minnesota Senate Bldg. Rm 3103
St. Paul, MN 55155

Re: HF 4293 – Transportation Provisions

Chair Nelson, Chair Kiffmeyer, and Conferees:

This letter is submitted regarding the transportation provisions in HF 4293, the Omnibus State Government and Transportation Bill. Before getting into the details on a couple of programs, CGMC's overall message is this—for the specific reasons stated in each section below, it is imperative that a transportation bill passes this year addressing key issues like city streets and Corridors of Commerce, and we urge you to move them forward in these final weeks of session.

Small City Street Funding

First, thank you to both Chair Newman and Chair Hornstein for the inclusion of ongoing funding for small city streets in your bills. Funding for small cities must pass this year. As legislators are aware, our member cities were extremely grateful for the funding included in last year's transportation budget for cities with populations of less than 5,000, but those were one-time dollars. If a bill does not pass this session, those cities will receive no funding support at all for their street needs.

Between the two bills, the CGMC prefers the Senate's approach. While the House bill would dedicate an ongoing \$10 million per year to cities with populations less than 5,000, the Senate's bill would dedicate a percentage of the revenues from the state's general sales tax attributable to auto parts sales. The Senate's bill would not only invest more than twice as many dollars in the program each year than the House, but would do so through a mechanism that would grow naturally over time.

As an organization, we have at times been wary of large redirections of general fund dollars such as the auto parts sales tax. This concern comes from the threat this practice can pose to the state's general fund budget. While those concerns have not alleviated completely, the state's solid fiscal position and the importance of the underlying needs in cities across the state combine to make this an appropriate time to take the steps that the Senate's bill proposes.

Corridors of Commerce

First, the CGMC wants to express sincere gratitude to both the House and Senate transportation committees for engaging in a discussion about improving the Corridors of Commerce program this year. As anyone who has served on the transportation committee is aware, the Corridors program was a successful and well-supported program in its early years of operation, but since about 2018 it has lost the trust of MnDOT, legislators, and advocates. Second, we note that it is urgent that the legislature take some action on the program this year. Last year, \$200 million was appropriated for a project selection round to take place in the fall of 2022. Unless changes are made to the program, that selection round will move forward with the same inefficient, unreliable scoring structure that was in place in 2017-18.

Some of the primary issues CGMC considers in need of addressing in the program fall into two major buckets: (1) serious challenges in the administrability in the program that cause major inefficiencies and costs to MnDOT; and (2) that the underlying scoring system no longer seems to achieve the legislature's objective of achieving a regionally balanced distribution of project dollars.

After continued analysis throughout the legislative session, the CGMC feels that the House version of the bill better addresses a broader set of the underlying issues with the program. While taking different approaches, both bills seem to adequately address MnDOT's administrative concerns. However, the House bill appears better equipped to address the other challenges, such as improving regional balance in the program. The House bill would employ a new approach to splitting program dollars, by splitting projects into categories of metro, metro connector, and Greater Minnesota projects. The Senate's bill would take up MnDOT's suggestion of creating a small projects category for Greater Minnesota projects, which could help spread dollars around the state to smaller projects, but it would leave intact a structure in which rural projects are competing with metro-adjacent projects in the Greater Minnesota category—a key source of concern we heard from both legislators and community leaders in 2017-18.

DVS Driver Testing Provisions

Since the onset of the pandemic, CGMC members have expressed repeated concern about the level of services offered to residents in their areas as it relates to the availability of driver testing services. Our members still appreciate the legislature's efforts last year to re-open all of DVS's testing stations while evaluating future levels of service.

The CGMC supports efforts by the legislature and DVS to move more services online and take other steps to lessen the number of trips a person needs to take to a testing location in-person. Moreover, as an organization, we are not opposed to new approaches to the number and location of DVS testing stations, but we do insist that residents in every corner of the state should have convenient access to services.

As you make those decisions about the future of DVS's testing operations—and particularly about the number and location of DVS exam stations—please be mindful that rural residents of the state are nervous that they will be left behind. In particular, they are concerned that their

ability to efficiently and conveniently access DVS services close to home will be considered less important than efficiency and convenience on the part of the agency itself.

Thank you

As always, thank you for your work and your service to our state. Please feel free to contact me at (651) 295-1123 or SAZahrt@flaherty-hood.com with any questions.

Sincerely,

A handwritten signature in black ink that reads "Shane Zahrt". The signature is written in a cursive style with a large, stylized 'S' and 'Z'.

Shane Zahrt
Senior Attorney/Lobbyist, Flaherty & Hood, P.A.
On behalf of the Coalition of Greater Minnesota Cities

CC: Majority Leader Jeremy Miller
Minority Leader Melisa Lopez-Franzen
Speaker Melissa Hortman
Minority Leader Kurt Daudt
Erik Rudeen, MnDOT
Rachel Dame, Office of Governor Tim Walz