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With Minnesota roads worsening, tax for fixes a tough sell



A City of St. Paul Public Works truck diverts traffic around street service workers filling potholes on Smith Avenue Wednesday March 12, 2014. (Pioneer Press: Jean Pieri)

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The worst pothole season in a generation is focusing drivers' attention on the worsening conditions of Minnesota's roads.

"Our state has turned into the land of 10,000 potholes," Ramsey County Commissioner Toni Carter said at a Capitol news conference last week. Senate Transportation Committee Chairman Scott Dibble, DFL-Minneapolis, said his office is getting swamped with calls from Minnesotans asking why their streets and highways are falling apart.

"People get it that our roads are so deteriorated, they can't withstand a harsh winter," Dibble said.

Nonetheless, the high hopes that transportation advocates had for a large infusion of new cash for roads, bridges and mass transit this year are fading as it becomes increasingly clear that Gov. Mark Dayton and the Legislature almost certainly will not approve the tax increases needed to pay for those improvements.

Ten days ago, the House Transportation Finance Committee passed a bill that would raise an estimated \$550 million a year with a new 5 percent sales tax on wholesale fuels to pay for roads and bridges and a -3/4-cent metro sales tax increase to expand bus and rail transit. The new fuel tax would add about 12 cents to the cost of a gallon of gasoline.

But the Minnesota Chamber of Commerce testified against the bill, and all the Republicans on the committee voted "no." That prompted House Speaker Paul Thissen to declare it all but dead.

"Without the support of the business community and Republicans, a comprehensive transportation package will not progress any further this session," Thissen, DFL-Minneapolis, said in a statement immediately after the committee vote.

Republicans dared the Democratic-Farmer-Labor majorities to pass the bill without GOP votes. But that would be politically dicey in a year when the governor and all 134 House members are up for election.

Dayton also opposes the bill. He said in an interview Thursday that he favors a more comprehensive approach.

"I have thought all along that this requires a long discussion in a non-election year," he said. "Next year would be a better time to deal with this."

In the meantime, state Transportation Commissioner Charles Zelle this month drafted a plan for generating most of the \$6.5 billion in new revenue that his department estimates it will need to maintain and upgrade the state highway system over the next 10 years.

The draft suggests filling most of the funding gap with a 6.5 percent wholesale fuel sales tax on top of the current 28.5 cents-per-gallon gas tax, plus license tab fee increases. It also recommends selling highway bonds, using cash from the state's general fund and saving \$700 million by making the Transportation Department's "dollars stretch further" through efficiencies, Zelle said.

"I'm not supporting this plan," Dayton said, "but it's something people could chew on ... I hope it starts a conversation ...

"Almost everybody is in agreement that we need to improve our highway and public transit systems, but nobody really wants to pay for it."

The challenge he and other policymakers face, he said, is showing the public that if they invest more in transportation, "we'll get real results."

For bus and rail passenger services, he said he's sticking with his proposal from last year to increase the metro transit sales tax from 1/4-cent to 1/2-cent.

He pledged to make transportation funding a top priority if he's re-elected in November.

A BIG SYSTEM, AND OLD

Minnesota's transportation needs are well-documented. It has the nation's fifth-largest highway system with more than 140,000 miles of state and local roads.

Half of the pavements are more than 50 years old, and 40 percent of the bridges are over age 40. The cost of maintaining that system is growing, while transportation revenues are flat.

Transit advocates contend the metro area needs more reliable funding sources to expand its bus and rail systems.

A transportation finance advisory committee that Dayton appointed in 2012 estimated the state would need to raise more than \$50 billion over the next 20 years to build "economically competitive" systems.

Last week, a national transportation research organization issued a report saying most of the Twin Cities "critically needed transportation improvements" for future development are unfunded.

Of the region's 20 key projects, Washington, D.C.-based TRIP found only one was fully funded to be completed within five years, five others had a portion of the needed money or uncertain funding, and the remaining 14 projects faced a "red light" because they aren't funded and the money isn't anticipated.

The projects included repairing bridges, increasing bus rapid transit and light-rail services, adding freeway lanes and patching pavement.

While acknowledging that the prospects for passing a large transportation funding package are "not great" this session, Dibble said, "We're staying at it."

He has scheduled a Senate Transportation Committee hearing Wednesday on his bill that contains most of the same provisions as the one approved by the House panel.

Last year, the Senate passed Dibble's bill to raise the gas tax and the metro sales tax for transit, but it died in the House.

"We have come a long way from where we were last year in terms of building the case and the momentum for doing something significant," he said.

He and House Transportation Committee Chairman Rep. Frank Hornstein, DFL-Minneapolis, attributed much of that momentum to Move MN, a new coalition of more than 150 pro-transportation groups that first proposed the funding ideas in their bills.

Hornstein and Dibble also gave credit to Zelle, the transportation commissioner, for hitting the road from August through December to inform more than 30 citizen groups across Minnesota about the state's mounting transportation needs.

Even if his bill dies, Hornstein said, his committee took an "affirmative step" by identifying the proposed sales tax on motor fuels as a likely new revenue source for roads and bridges.

"The advantage of a (sales) tax is that it keeps up with inflation; it's an expanding pool of money, as opposed to the gas tax, which is a declining source of revenue," he said.

Just back from a national conference of state transportation commissioners, Zelle said motor fuels sales taxes are gaining popularity across the country. It's a form of economic indexing that closely matches MnDOT's increasing costs for asphalt, fleet fuels and construction, he said. It also would free lawmakers from repeatedly trying to pass gas tax increases.

GOP OPPOSES BILLS

Republicans oppose the tax increases and new spending plans in the DFL bills.

Rep. Mike Beard of Shakopee, the lead Republican on the House transportation committee, said the DFL bill would pump a disproportionate share of money into metro transit while shortchanging suburban and rural roads and bridges.

"Pouring massive amounts of new funds into expensive, deficit-ridden transit systems that serve less than 4 percent of the population doesn't strike me as a reasonable or prudent way to spend hundreds of millions of dollars of taxpayer money," Beard said.

He said he and some other Republicans would support a modest gas tax increase for roads and bridges.

The top Republican on the Senate transportation panel, John Pederson of St. Cloud, said DFLers should have used a large share of the state's \$1.2 billion budget surplus for roads and bridges.

Hornstein is carrying a supplemental appropriation bill that would provide \$50 million of the surplus for new transportation projects. Dibble is sponsoring a similar bill in the Senate.

But Hornstein said that amount wouldn't put much of a dent in the state's growing transportation needs.

"Transportation problems don't go away," he said. "They just get more expensive."

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