



May 9, 2022

Representative Melissa Hortman
Speaker of the House
463 State Office Building
St. Paul, MN 55155

Senator Jeremy Miller
Senate Majority Leader
3113 Senate Office Building
St. Paul, MN 55155

Representative Kurt Daudt
House Minority Leader
267 State Office Building
St. Paul, MN 55155

Senator Melissa Lopez Franzen
Senate Minority Leader
2221 Senate Office Building
St. Paul, MN 55155

Dear Leaders:

With rural communities, economies and culture dependent on a safe, reliable and efficient road and bridge system, small counties are cautioning they can't keep pace with growing needs. ***To begin addressing this critical concern, MRC suggests dedicating 100% of the sales tax on motor vehicle repair parts to the Highway Users Tax Distribution Fund.***

Prior to legislative authorization of new tools like the Local Option Sales Tax and Wheelage Tax, virtually every county had funding shortfalls. Enacting these two programs was legislative recognition the Highway Users Tax Distribution Fund was not meeting local road needs. Fortunately, those programs have been helpful for counties with a retail tax base and/or an adequate population to support one or both of the programs. Unfortunately, these programs are of no help to smaller, low population counties that lack those resources and continue to struggle with needs that far exceed the capacity of the HUTDF or local property tax to fund.

Passage of the federal Infrastructure, Investment and Jobs Act should give a big boost to reducing Minnesota's chronic project backlog, but without any action by the state legislature the state can't access or spend all of the dollars that will be coming our way.

Proceeds from the sales tax on motor vehicle repair parts can and should be used to access federal infrastructure dollars that assist rural counties in meeting maintenance needs. Passage of the IJA is a generational opportunity that can only be maximized with state matching funds.

We strongly urge legislative leadership to shift 100% of the sales tax on motor vehicle repair parts to the HUTDF, to begin providing relief to smaller counties that are falling further behind in funding needs, and as a strategy to access IJA funds.

Sincerely,

Dan Larson, Executive Director
MN Rural Counties
612-210-2493

cc: Governor Tim Walz
State Government and Transportation Conference Committee

*Aitkin / Becker / Big Stone / Clay / Cottonwood / Douglas / Grant / Hubbard / Kittson / Koochiching / Lake of the Woods
Lincoln / Mahnomen / Marshall / Meeker / McLeod / Meeker / Mille Lacs / Mower / Nobles / Norman / Pennington / Pipestone
Polk / Pope / Red Lake / Redwood / Roseau / Stevens / Todd / Traverse / Wadena / Watonwan / Wilkin / Wright*