



Briefing Document for Metropolitan State University's Deliberative Polling Project

Transportation Investment Priorities and Funding Options in the Twin Cities Metropolitan Area

March 2008

What is the purpose of this document?

These background materials give an overview of the topics you will discuss with other citizens about the future of transportation funding and policymaking in the Twin Cities metro area. The materials are not all encompassing, but are intended to provide an unbiased overview of the major issues that have been the focus of decision-makers' discussions. These materials:

- provide background information on transportation funding and planning and the conditions in the Twin Cities metropolitan area, and
- present different approaches to prioritize and fund transportation investments and include arguments for and against each approach.

How will results of the deliberation and polling be used?

Metropolitan State University and its partners are leading this effort in order to gather informed citizen input for decisions made by public policy officials including the 2008 update of the Metropolitan Council's Transportation Policy Plan and future decisions of the Minnesota Legislature. Your input to the Policy Plan is especially important, as this is updated every four years and charts the region's transportation investments over the next twenty years. You will be one of these citizens—informed by this briefing document, by discussions with your fellow citizens, and by opportunities to question experts and policy makers on transportation. At the end of the day, your views will be captured in a repeat of the telephone survey you completed earlier, and these results will be forwarded to policy makers and made available to the public at large.

Executive Summary and Introduction

Why a deliberation on transportation priorities and funding in the Twin Cities?

The I-35 Bridge collapse on August 1, 2007, has put questions of transportation investment at the forefront of discussions at the local, regional, state, and national levels. To many, the bridge collapse represents a possible consequence of under-investing in transportation infrastructure. Safety concerns, coupled with increasing congestion, longer commute times, and greater demands for high quality public transit, have led to many calls for greater transportation investment. In a 2007 survey of Minnesota businesses, 84 percent called for increasing spending on highway and transit projects.¹

Yet the call for additional transportation funding is not universal. For some there are concerns that transportation funds need to be better managed and prioritized before seeking new money. Others are concerned about where additional money will come from—some believing that motorists are already paying too much at the pump, others concerned that any additional taxes will hurt the economy, and some preferring to borrow from future revenues to pay for today's priority projects.

What considerations and values help to shape transportation priorities?

In a world of limited resources, policymakers and the public must continually prioritize how to best use taxpayer dollars to meet regional goals. Any kind of prioritization typically involves making trade-offs—either in the number of projects funded, which projects get built, the standards to which a project is built, the speed with which projects are completed, and how well the project delivers on the range of community goals. There are several points-of-view, driven by different concerns and values that help to shape transportation investment priorities.

- ***Maintaining what we have:*** The roadway and bus system in the Twin Cities region is well developed and some believe that we should focus funding on maintenance and operations to keep these assets functioning well and in good repair.
- ***Expanding the system:*** Some point to the growth occurring in and outside of the region and argue that we haven't been keeping pace with the growing demands for road capacity and transit and that we need to focus on expanding the system.
- ***Safety:*** Those concerned with safety want to see that investments are used to ensure that roads and bridges meet safety requirements and are quickly repaired or replaced when they do not.
- ***Energy use and climate change:*** When determining how to invest in transportation, some maintain that it is important to minimize energy consumption and limit transportation's negative impacts on climate change, that is, transit projects are often looked at favorably in terms of energy use and climate change as they help to reduce the amount of solo drivers on the road, reducing gasoline consumption and greenhouse gas emissions that contribute to climate change.

- **Land use:** Some focus on whether transportation investments will change existing land use patterns. For example if a roadway is expanded further out from the Twin Cities, it may lead to development pressures and more growth along that roadway, ultimately leading to more congestion.
- **Congestion:** For some, a primary concern is that transportation investments help to reduce congestion—either through reducing the number of drivers on the roads at rush hour, increasing road capacity so that more cars can travel on a roadway, or improving alternatives to driving so that people have a choice of how to get around.

In addition to these factors, decision-makers also examine the conditions in the region, including population growth, travel behavior and economic and land use changes.

What are the questions on the table for this deliberation?

Right now, two core questions are at the center of the discussion:

1) Knowing that public funds are always limited, how should the region prioritize transportation investments?

The debate on how and where to spend transportation funds is centered on the question of how to best allocate limited funding so that our transportation system delivers on the goals for the region (that is, reduces congestion, improves access to destinations, provides choices, and improves quality of life). The discussion of this issue includes:

- whether or not we focus on maintaining what we have or expanding the system, and
- whether or not investments should be targeted to specific locations within the region.

2) How should regional transportation investment be funded?

The second issue is focused on how regional investments should be funded. Some contend that the current conditions—increasing congestion levels, a growing population, greater numbers of trips and miles traveled—will require greater investment in the transportation system. They also argue that current transportation funding sources are insufficient, resulting in a backlog of maintenance and construction projects, whose delay is compromising the public’s safety.

Others argue that funding sources can be prioritized so that critical projects can move forward quickly and less important projects can be dropped. Some believe that funding for current large scale projects are better paid for by borrowing against future federal and state transportation funds.

For those who believe that new, additional funding is necessary for the transportation system, there are questions about how to raise the money. Should the region find new funding sources or raise existing fares and highway user taxes? Options being debated include: different types of sales and property taxes, assessments on property owners, user fees (tolls), and privatizing particular roads and/or bridges. Running through this debate are concerns about how to share the financial burden, who benefits and who pays under each funding alternative, and whether or not the tax or fee is directly linked to users of the transportation system.

On Feb. 25, 2008, the state legislature passed a new transportation bill that addresses transportation investment priorities and funding for the next several years. Areas of the discussion that are affected by this legislation are marked with a *. A summary of the provisions in this bill is included on a separate page for your reference.

Who are the key actors in planning for the region's transportation system?

Since the 1970s, federal regulations have required that urbanized areas have a Metropolitan Planning Organization (MPO) and a “continuing, coordinated and comprehensive” transportation planning process in order to receive any federal transportation funds. The transportation planning process is designed so that plans and projects address regional transportation needs and are consistent with the overall planned development of the region.

The Metropolitan Council, along with the Transportation Advisory Board (TAB) is the MPO for the seven-county Twin Cities metropolitan area (see map, Figure 1). Reflecting the fact that no single agency has jurisdiction for the entire transportation system, the TAB's membership includes:

- ten local elected officials
- one county commissioner from each of the seven metro counties
- four representatives from state and regional government agencies;
- four persons representing transit, freight, and non-motorized transportation interests, and;
- eight citizens representing different geographic areas in the region.

The Council and TAB prepare and develop the region's long range transportation plan, called the “2030 Transportation Policy Plan” (TPP). This document, which is updated at least every four years, defines the vision, goals, and investment strategy for the region's transportation system for the next twenty years. The plan covers highway, public transit, aviation, and bicycle and pedestrian needs. The last TPP was adopted in December 2004 and as required by law, will be updated in 2008. The Council encourages public participation in the planning process through citizen advisory groups, educational and outreach meetings, and public hearings.

In addition to the Council and TAB, the Minnesota Department of Transportation (MN/DOT) plays a large role in regional transportation by constructing and managing the state highways and freeways in the metro area and passing state and federal transportation funds through to local governments.

The role of the Minnesota Legislature is to adopt policies that guide state transportation investments and to submit a statewide transportation funding bill to the Governor authorizing transportation agency funding and bonding for transportation projects. Ultimately, the Governor has the power to pass or veto the bill submitted by the Legislature.

City and county governments submit ‘regionally significant’ projects to the Metropolitan Council and MN/DOT to be included in the plans and to receive state funds. Local governments are also responsible for raising money to build and maintain local roads that are not part of the statewide aid system.

Section 1: Establishing Transportation Investment Priorities

What is the purpose of this section?

This section provides background information about how the region has changed and what the impact has been on transportation. It describes the transportation funding picture for the region and presents several options for prioritizing transportation investments.

What are the regional trends in population change, travel and suburbanization?

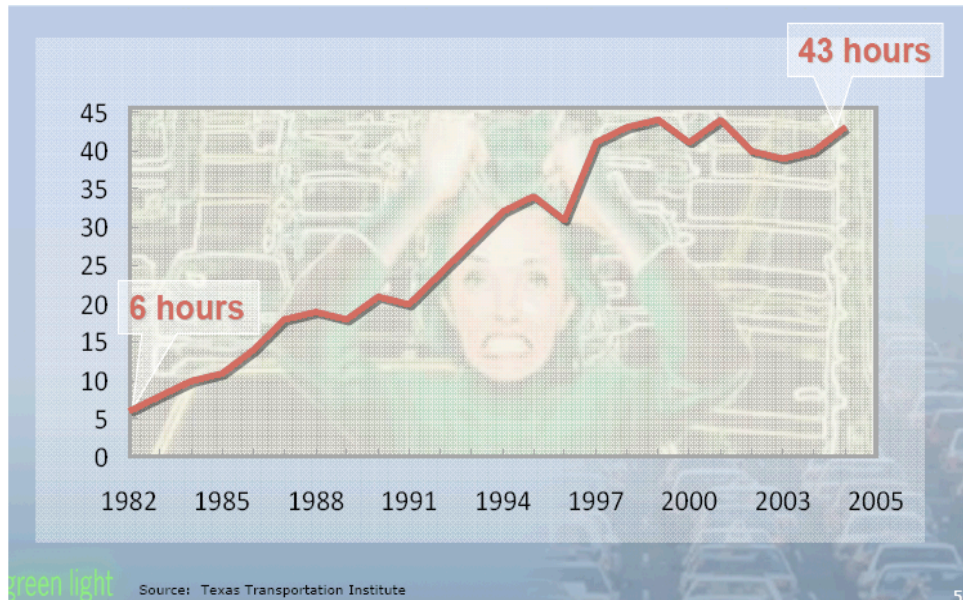
In many cases, transportation decisions are made in response to changing population and economic conditions.

In the past three decades, the metro area has witnessed substantial growth in population, suburbanization, auto ownership, and the amount of driving. These trends are projected to continue through 2030. All of these factors have an impact on the performance of the region's transportation system. The table below summarizes the dramatic changes taking place in the region between 1970 and 2000.

Table 1: Summary of historic trends in regional population, employment and travel²

	1970	2000	% Change
Population (persons)	1,874,612	2,642,062	+ 41%
Population (households)	573,634	1,109,836	+ 48%
Households OUTSIDE of Minneapolis and Saint Paul	308,367 (54% of the region's households)	828,945 (75% of the region's households)	+ 169%
Jobs in the region	779,000	1,626,065	+ 52%
Jobs OUTSIDE of Minneapolis and Saint Paul	343,420 (44% of the region's jobs)	1,152,228 (71% of the region's jobs)	+ 236%
Women in the workforce	49%	71%	—
Household vehicle ownership	1.3 vehicles/household	1.8 vehicles/household	+ 38%
Average trips per capita	2.7 trips/person	4.2 trips/person	+ 56%
Average trip length	4.9 miles	6.5 miles	+ 33%
Vehicle Miles Traveled/Day/Person	12.7	21.2	+ 67%
Transit Ridership	67,620,000	78,408,000	+ 16%
Price of Gasoline	36 cents per gallon (in 2000 dollars = \$1.60/gallon)	\$1.47/gallon	—

Figure 3: Hours per year spent in congestion

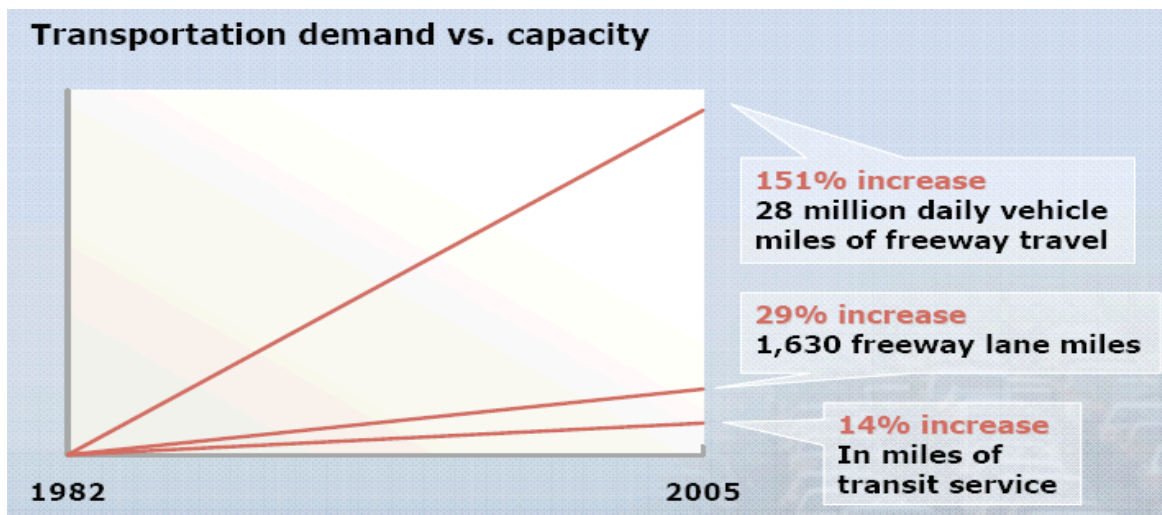


Source: Information assembled by ULI Minnesota, the Regional Council of Mayors and the Itasca Project.

The rate of congestion in the Twin Cities metropolitan area is growing faster than many other cities in the United States—we now rank fifth out of 26 large cities surveyed in the annual “Urban Mobility Study” conducted by the Texas Transportation Institute.³

Some believe that congestion has grown so significantly because our demand for travel has outpaced any increases in road capacity and transit service. Figure 4 illustrates the increase in driving between 1982 and 2005 compared to the investment in freeway and transit improvements.

Figure 4: Travel demand and transportation investments between 1982 and 2005



Source: Information assembled by ULI Minnesota, the Regional Council of Mayors and the Itasca Project.

What will the year 2030 look like in the Twin Cities region?

Many of these trends are projected to continue. Recent estimates show 35 percent growth in population and employment between 2000 and 2030, as almost one million new residents come to the region and over half a million new jobs are created. This growth will have a major impact on travel. By 2030, this growth will contribute to:

- an additional four million daily trips—this is a 37 percent increase in travel on the region’s roadways from the year 2000, and;
- a 51 percent increase in the amount of vehicle miles of travel—growing from more than 57 million vehicle miles traveled/day in the year 2000 to 86 million vehicles miles traveled/year by 2030.

What are some strategies to deal with congestion and provide alternatives to driving?

While adding highway lanes is one way to help reduce congestion, the Twin Cities also provides alternative ways for people to get around, rather than just driving alone:

Public Transit: In 2006, transit riders took over 82 million rides on 206 available routes in the metro area. The Texas Transportation Institute has pointed out were it not for transit, congestion in the region would be much worse, and that in 2005, transit averted “a nine percent increase in traffic delays that would have cost \$96 million in lost time, fuel, and business efficiency.”⁴ In fact, running 50 buses per hour on a highway could remove an entire lane of rush hour traffic off of that highway.

59 percent of train riders and 40 percent of bus riders say they would have driven alone were it not for transit.

Transit use in the Twin Cities is on the rise—between 2005 and 2006, ridership increased by 5.9 percent. Compared to similar metropolitan areas, the Twin Cities relies less on government subsidies and more on fare box revenues to fund the system. 28.8 percent of operating costs are covered by fares in the Twin Cities, while the peer average is 21.4 percent.

Carpools and Vanpools: In the Twin Cities region, registered car and vanpools can get a break on parking fees, commute more quickly in high occupancy vehicle (HOV) lanes, and save money on gas and vehicle wear and tear. In case of emergencies, when a carpool won’t work, participants in the “Guaranteed Ride Home” program can be reimbursed for cab fare.

Bicycle and Pedestrian Facilities: Nationwide over 50 percent of all car trips are 5-miles or less—making walking or biking a viable alternative to the auto. In the metro area, survey data indicate that 5.6 percent of all trips are made walking and 1.6 percent by biking. Minneapolis is the top-ranked city in the country for bicycle commuting with a 2.63 percent trips made by bike, or an average of 5,366 people riding to work each day on a bicycle. Providing safe and adequate sidewalks, trails, bike lanes, and bicycle storage and parking encourage commuting by foot or bike.

Telecommuting/flexible work hours: When employers allow employees to work from home or have a schedule that doesn’t require them to travel during peak periods, this can help to take cars off of the road during rush hour.

Community Design: Developments throughout the region are being designed so that jobs, homes, and shopping are closer together, allowing people walk or bike or take fewer and shorter trips to meet their daily needs.

Except where noted, all figures from the Metropolitan Council.

How does the region’s transportation plan deal with these issues?

In light of these trends, the Metropolitan Council has established an overall goal for transportation planning “to enhance transportation choices and improve the ability of Minnesotans to travel safely and efficiently throughout the region.”⁵ In particular, the 2030 Transportation Policy Plan gives priority to:

- maintaining the existing metro highway system
- reducing bottlenecks that impede travel
- implementing new strategies to improve the system's efficiency (that is, encouraging flexible work hours, telecommuting, ridesharing and other traffic management efforts)
- adding capacity where possible, and
- expanding the transit system.⁶

The projects that are selected, funded and built are intended to reflect these priorities.

What is the current and predicted funding status for transportation projects in the metro area?

Recent studies have examined the funding situation statewide and in the Twin Cities metropolitan area. A University of Minnesota study prepared for the Minnesota Department of Transportation (MN/DOT), found that current road funding taxes (that is, the gas tax, motor vehicle sales tax, and tab/registration fees) can support 2003 service levels only and are not sufficient to fund any system improvements.⁷ In the Twin Cities region, the Metropolitan Council notes that:

Maintaining highway funding at current levels will result in significant increases in traffic congestion, delaying the movement of people and goods, reducing the region’s economic competitiveness and harming our quality of life. Transit service improvements, which could help ease the pressure on our highways, will not be possible at current funding levels. Indeed, current funding levels will not be adequate to maintain transit service at current levels.⁸

In the long term, both MNDOT and the Metropolitan Council have set performance targets for the highway and transit systems. MN/DOT’s focus is on keeping roads and bridges in good repair and improving mobility by reconfiguring roadways or adding capacity. On the transit side, the Metropolitan Council’s goal for 2020 is to double transit ridership by increasing bus service and building new rail and bus rapid transit systems. To deliver on these goals in the Twin Cities metro area, MN/DOT estimates that highway needs could reach over \$26 billion by 2030, which amounts to \$1.2 billion/year.⁹ The Metropolitan Council estimates that it will cost \$3.98 billion to carry out the transit projects necessary to ease crowded conditions on the region’s roadways, which averages \$332 million/year.¹⁰ One recent analysis found that given current funding levels, the region would need an additional \$984 million/year to fund the projects contained in the long range plans. (This will be affected by the new legislation.)¹¹

Several reasons for this funding shortfall are suggested. A simple reason is that the list of projects and their costs are greater than the amount of money that is currently available. Another reason is that construction costs have increased dramatically in response to more demand and natural disasters. The cost of materials used for highway construction rose 22 percent from early 2004 to the end of 2005.¹² In the past, the sources of funding were able to better keep up with transportation needs. Now, gas and vehicle taxes (registration fees and sales taxes) have not kept pace with inflation and have declined in value and purchasing power. In addition, fewer gas tax revenues are collected as cars have become slightly more fuel efficient and as a growing number of vehicles use fuels that are either taxed at a lower rate or not taxed at all.

Discussion Question 1: Knowing that public funds are always limited, how should the region prioritize transportation investments?

The approaches listed below suggest different ways to prioritize transportation investments and the pros and cons discussion illustrates the possible trade-offs of choosing one approach over another.

Table 2: Different Approaches for Targeting Transportation Investments

	Pros	Cons
A. Focus investments on maintaining existing roads and highways.	<ul style="list-style-type: none"> • Making sure that existing roads and highways are in good repair improves safety, reduces damage to private vehicles, and extends the life of the road, etc. • It is a good use of taxpayer dollars to keep previous investments in good repair. 	<ul style="list-style-type: none"> • If we are just maintaining roads, we aren't going to be dealing with congestion issues and the fact that more people are driving more. • If we focus only on maintenance, our growing region is going to be playing "catch up" on expanding the system later.

	Pros	Cons
B. Focus investments on expanding roads and highways (for example, adding lanes, new roadway construction)	<ul style="list-style-type: none"> • We need to expand the system because our current system isn't meeting our travel demand. • Strategic expansions can help reduce congestion which will benefit individuals and businesses whose goods and employees can travel more easily. • An expanded road and highway network doesn't only benefit motorists, it can also benefit bus passengers. • New capacity can serve new residential development. 	<ul style="list-style-type: none"> • The highway network is already fairly mature, there's not much more expansion that can be done. We should focus on squeezing out the most from what we have. • When highways are expanded or widened, travel times are reduced in the short term. But these very improvements attract people from other routes, times and modes (for example, bus or train), and encourage longer and more frequent travel, all of which can ultimately create new congestion. • When access to underdeveloped areas is improved by expanding roads further out, this can encourage sprawl. • Building enough highways to alleviate congestion in the metro area would be very expensive--one study found that it would take 1,146 lane miles—a 70% expansion of existing roads.¹³
C. Focus investments on maintenance and operations for existing bus and train routes.	<ul style="list-style-type: none"> • Many current residents depend on public transit and we need to make sure that our existing system is well maintained before investing in new projects. 	<ul style="list-style-type: none"> • Maintaining what we have doesn't allow us to keep up with the increased demand for transit. • By only maintaining the existing system, congestion and air quality benefits from transit are being limited.

	Pros	Cons
D. Focus investments in expanding transit service (for example, more frequent bus service, new light rail and commuter lines)	<ul style="list-style-type: none"> • The current transit system is small compared to other peer cities that have used transit to attract development and jobs. We need to expand our system to remain competitive. • Expanded transit will give more people an opportunity to cut back on driving, reducing their fuel consumption and other individual transportation costs (insurance, car payments, maintenance, parking costs) while helping to reduce congestion and improve air quality. • Locally, there is strong demand for transit. Between 1995 and 2006, public transportation ridership increased by 33% going from 64.2 million riders to 85.1 million.¹⁴ 	<ul style="list-style-type: none"> • Most people drive so funding should be spent improving conditions for driving. • Metro area communities and jobs are too spread out to make transit a realistic alternative for most families, so it doesn't make sense to focus funding in this way. • We need to make sure that existing routes and equipment are well maintained and operated before spending money on a new project.
E. Focus investments in established areas like core cities and suburbs within the 694/494 ring rather than in the expanding outer edges of the region (see map on page 6).	<ul style="list-style-type: none"> • Focusing investment in established areas can help control sprawl and may stimulate revitalization in some neighborhoods, whereas investing in transportation further out can lead to a draining effect on cities and closer-in suburbs. • Since a majority of travelers will go through these established areas getting to their destinations, it makes sense to focus investments in these areas of greatest congestion. 	<ul style="list-style-type: none"> • The outer edges are growing faster than most of the core cities (due in part to available land) and they will need additional transportation infrastructure.¹⁵ • A growing percentage of the region's jobs are outside of the 694/494 ring—with all of the commute trips to these places investment needs to happen here rather than inside this ring.

Section 2: Exploring Transportation Funding Options

What is the purpose of this section?

To understand the region’s current transportation funding situation, this section includes information about:

- where the region’s transportation funding comes from;
- how the money is divided among projects;
- arguments in favor and against raising additional sources of transportation funding; and,
- funding options and their pros and cons.

Where does the money for regional transportation projects come from?

The region gets transportation funding from three major sources: the federal government, state funds, and local property taxes. Federal funding for highways and transit comes largely from the 18.4 cents/gallon federal gas tax that is charged in every state. Complicated formulas determine the amount of this money that makes it back to Minnesota, but as a percentage of all transportation revenues, federal funding accounts for 20 percent. Federal funds for transit cover only the capital costs (that is, buying new buses, building a light rail system) and not the operating costs.

At the state level, the Minnesota Constitution establishes three highway “user taxes” (they are called user taxes because payment is based on the use of the highway system): the gas tax, vehicle registration/tab fees, and the motor vehicle sales tax. Most of the revenue collected from these taxes is distributed through the “Highway User Tax Distribution Fund” (HUTDF) according to formulas established in the Minnesota Constitution. Table 3 describes each of the funding sources and their status today.

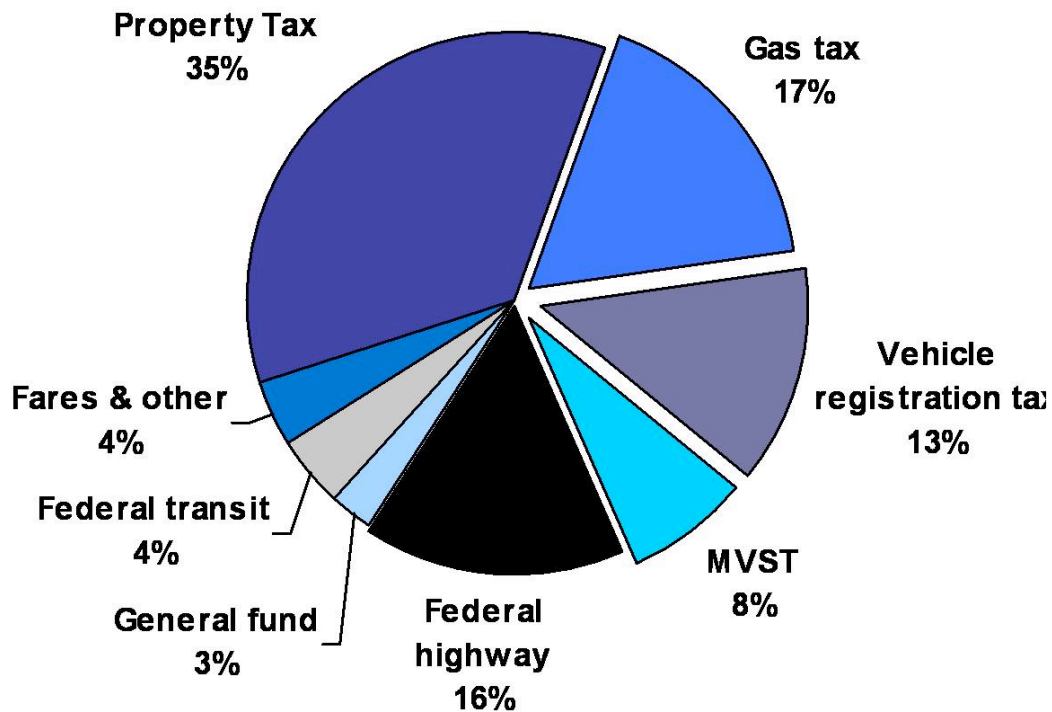
Table 3: State Transportation Funding Sources

Funding Source	Status
State Motor Fuel Tax (Gas Tax)	<ul style="list-style-type: none"> • The gas tax from 1988 until 2008 has been 20 cents/gallon for gasoline and diesel* <ul style="list-style-type: none"> ○ According to the American Petroleum Institute’s 2007 rankings, Minnesota ranked 35th out of 50 for the lowest gas taxes before the new legislation.¹⁶ ○ Adjusted for inflation, the rate established in 1988 is equivalent to 11.5 cents/gallon today.¹⁷ • Biodeisel fuel is not taxed and alternative blends are taxed at a lower rate. • There is no sales tax on gasoline in Minnesota.

Funding Source	Status
	<ul style="list-style-type: none"> • As of 2003, 13 states had either a state or local sales tax on gasoline in addition to the state gas tax.¹⁸ • The gas tax is constitutionally dedicated to highway purposes only. • \$651 million collected in 2007 fiscal year (FY).¹⁹ • Revenues have been flat for the past four years.²⁰
Vehicle Registration Tax (Tab Fees)	<ul style="list-style-type: none"> • Taxes based on the age and value of the vehicle* • Heavy trucks, buses, and recreational vehicles pay based on weight and age. • In 2000, vehicle registration fees were reduced by 33% when the “cap” system was put in place. • \$477 million collected in FY 2007.²¹ • Revenues have been flat for the past five years.²²
Motor Vehicle Sales Tax (MVST)	<ul style="list-style-type: none"> • The MVST is a 6.5 percent tax applied to the sale of new and used motor vehicles. Some older autos have a flat tax instead. MVST is collected by auto dealers or when the vehicle is registered. • A Constitutional amendment passed in 2006, directs all MVST revenues to be used for transportation needs. (Previously portions of the MVST were allocated to the General Fund.) The amendment is being phased in—by 2012, 100% of the revenues (60% to highways and 40% to transit) will fund transportation needs. • \$533 Million collected in FY 2007. (\$165 million for highways; \$122 million for transit; and \$246 million to the General Fund.)²³ • Between FY 2002 and 2007, revenues decreased 3% per year.²⁴

The pie chart below illustrates the state's road and transit funding sources and what percentage each source contributes to the total amount of funding.

Figure 5: Road and Transit Funding Sources (2007)



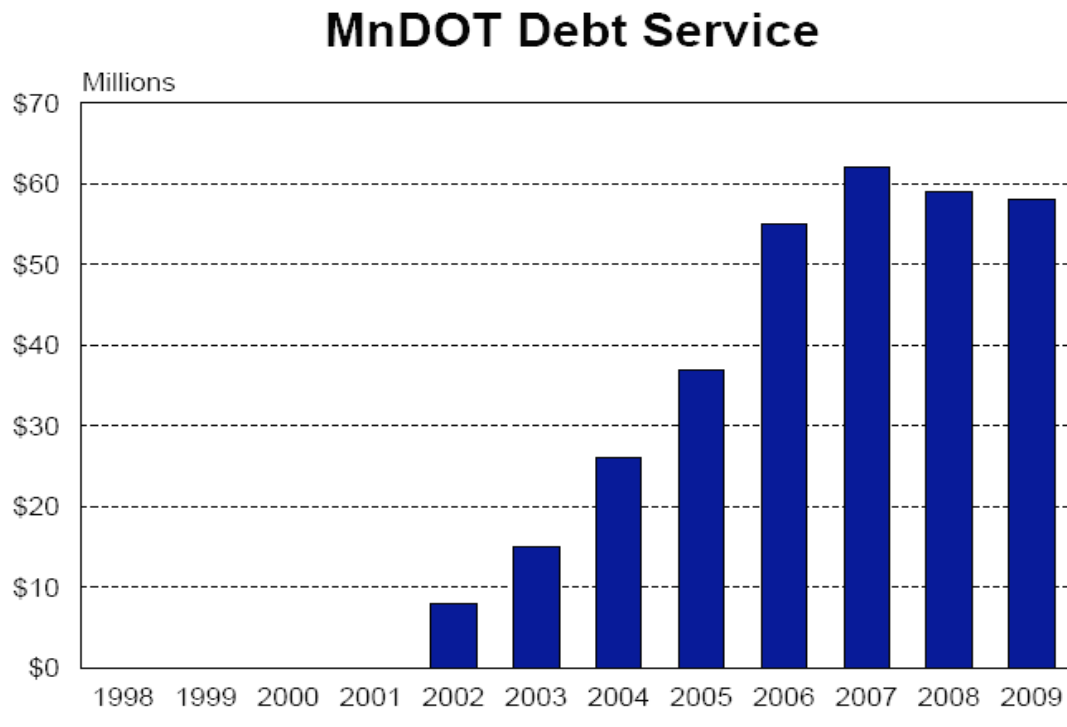
Source: Metropolitan Council. "Transportation Finance 101" Powerpoint presentation.

The usual rationale for state transportation (highway) funding has been to have the user pay. Tab fees and the motor vehicle sales tax are the price residents pay for owning a car. The gas tax is the price that motorists pay for driving the car and using the roadways. Increasingly, however, this principle is getting blurred. For instance, every two years the state takes money from the General Fund to be used for transportation projects. Additionally, looking at the state as a whole, over a third of transportation funding comes from local property taxes and this funding is used for construction and maintenance of city streets and county roads and to purchase buses/trains vehicles. One analysis finds that from "1994 to 2004, local governments increased the local property tax dollars dedicated to transportation from \$800 million to over \$1.5 billion, a number which continues to climb sharply."²⁵

While it is not "new" money, bonding is increasingly used for transportation projects. Bonding means that the state or region takes out loans, with interest, with a promise to repay them. Sometimes the bonds are repaid with future transportation revenues (that is, future gas tax and MVST revenues) and sometimes with money from the state's general fund.

Bonding allows some projects to advance more quickly; however, it also ties up future funding. It also requires that the state pay back interest on the loans, which is an added expense to the project. However, if interest rates are low enough, project costs can be reduced because of the accelerated construction schedule. The graph below, illustrating the rising amount of money that MNDOT will be required to pay back for transportation loans, demonstrates the state's changing use of bonding to fund transportation projects.

Figure 6: Annual MN/DOT Debt Service (in dollars) 1998–2009



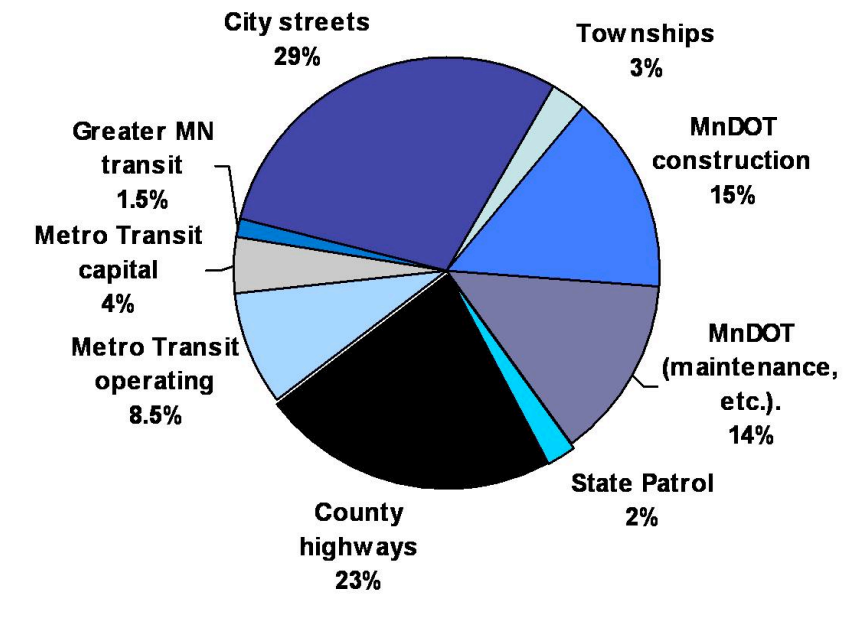
Source: Metropolitan Council. “Minnesota Transportation Finance.” Available at: <http://www.metrocouncil.org/planning/transportation/MinnesotaTransportationFinance.pdf>. Accessed January 3, 2007.

In addition to MNDOT’s use of bonding, the region also sells “regional transit capital bonds” to pay for buses, park and ride lots, and other transit facilities. Local governments also use bonding to cover transportation improvements.

How is transportation funding spent?

Figure 7 illustrates the statewide project mix and the portion of transportation funds that are allocated to each project type. The construction and maintenance of city streets and county highways constitute a bulk of the funding, with statewide construction and maintenance expenses following. It is interesting to note that for state road projects, construction and maintenance receive almost the same amount of funding.

Figure 7: Road and Transit Expenditures (2007)



Highway and transit projects are funded differently. Tables 4 and 5 illustrate the major funding sources that are used for highway and transit projects.

Table 4: Major Highway Funding Sources

PROJECT TYPE	FUNDING SOURCE
MNDOT highway construction projects	Federal aid and the state's "Highway Users Tax Distribution Fund" (HUTDF).
MNDOT highway maintenance	HUTDF
County highways, city streets, township roads	Local property taxes and portion of HUTDF (29% for eligible county roads and 9% for eligible city roads.) ²⁶

Table 5: Major Transit Funding Sources

PROJECT TYPE	FUNDING SOURCE
Metro Transit Operating Expenses	Motor Vehicle Sales Tax (MVST), state general fund, and fare revenue
Metro Transit Capital Costs	Federal aid, property taxes, and regional bonds

Discussion Question 2: How should regional transportation investments be funded?

As discussed in Section 1, a recent analysis found that in order to carry out the projects in the long range highway and transit plans, the region would need to raise almost \$1 billion annually. Newly passed legislation provides new revenue to address some transportation projects, but the question of how to best fund transportation investments in the long-term remains important. The region has two potential options:

1. Scaling back on projects and activities, or
2. Finding new funding sources.

Proponents of *scaling back on projects and activities* contend that the condition of the transportation system is not that bad. They point to reports from MN/DOT that show the department meeting its goals for pavement condition, bridge repair, and above-average ratings for maintenance.²⁷ They also contend that a first step should be a careful examination of existing projects and budgets to weed out waste and look for other areas to be more efficient. For instance, it is alleged by some that transportation projects are chosen for political reasons (“pork”), and if these pet projects were eliminated more money would be available for legitimate needs.

Others believe that the system needs *new funding sources* to be safe, reliable, and competitive with other regions. They call attention to the fact that local property taxes are being raised frequently to cover the funding gap. Those who favor additional funding for transportation argue that the region’s transportation needs are far outpacing the amount of funding available and that by not addressing these needs, congestion will worsen, public safety will be compromised, and the region will be less economically competitive. They point to surveys that show “companies prefer expanding their businesses in areas where there's an educated workforce and a good transportation system. Some think that years of raising local transportation revenue through sales taxes and other means have helped Phoenix, Denver, Houston, Dallas and Portland build transportation systems attractive to business.”²⁸

A major part of the ongoing debate is focused on where additional transportation funds would come from.

What are the options for increasing revenues for transportation projects?

Decision-makers and advocacy groups have suggested a range of different fundraising approaches. It is likely that any funding proposals would contain a combination of these various options; however Table 6 presents each option individually along with the arguments in favor and against.

Table 6: Transportation Funding Options

Funding Options	Pros	Cons
<p>A. Increase sales tax in the region by one half cent and dedicate the percentage increase to transportation projects in the metro area</p> <p>Phoenix and San Diego have raised sales taxes by one half cent for 20 years to fund transportation projects. They are generating \$16 billion and \$9.5 billion respectively.²⁹</p>	<ul style="list-style-type: none"> • A sales tax has a broad base so a significant amount of revenue can be raised with only a small change in the tax rate. • In addition to residents, tourist and visitors that use the region’s transportation facilities would also be contributing to the system’s improvement. • Very specified purpose and tax could sunset after a dedicated number of years. • Increased and dedicated funding sources reduce the need for continued bonding so that the region doesn’t tie up future funding on today’s projects. • A regional sales tax will allow the Twin Cities metro area to move forward with improvements rather than relying so heavily on the state government. 	<ul style="list-style-type: none"> • Not tied directly to the user of the transportation system. Sales taxes are a general revenue funding source and might be better used for expanding health care, improving education or other public goals. • Many feel that taxes are high enough and that raising any taxes will have a negative impact on jobs and the economy. • Some argue that if money is used to build more of the same, we’re not going to be able to build our way out of congestion with new money. • Sales taxes are regressive—lower income people pay a greater portion of their income to the tax than wealthier individuals. • Transportation projects in the region will benefit individuals statewide, therefore the state should do its part in coming up with additional funding sources.

Funding Options	Pros	Cons
<p>B. Increase sales tax in the region by one half cent* and specifically dedicate the percentage increase to transit projects in the metro area</p> <p>Transit typically has fewer dedicated sources of funding than highways and that has led several regions to dedicate sales tax revenue specifically for bus and rail systems. Through voter referendums, Denver raised the sales tax by four-tenths of a cent to bring in \$4.7 billion for the next 12 years for transit. Salt Lake City has added one-quarter cent to the sales tax for 10 years, to raise \$2.6 billion to build four new light rail lines and commuter rail.³⁰</p> <p>Prior to the Feb. 25 legislation, transit funding in the Twin Cities area was significantly lower than in similar regions. We spend \$105/capita compared with a peer average of \$130.³¹</p>	<ul style="list-style-type: none"> • When making transit financing decisions, the federal government looks more favorably on places that have a dedicated funding source for transit. This would make the Twin Cities more competitive. • Removes the difficult legislative process now in place for funding transit. In Minnesota, “expanding public transit requires annual approval by the legislature (capital funding one year and operating the next). Unlike highways, transit has not historically been considered a “highway purpose” and has not been able to use state gas tax revenues or license tab fees”^{*32} • A sales tax has a broad base so a significant amount of revenue can be raised with only a small change in the tax rate. • In addition to residents, tourist and visitors that use the region’s transportation facilities would also be contributing to the system’s improvement. • Very specified purpose and tax could sunset after a dedicated number of years. • Increased and dedicated funding sources for transit reduce the need for continued bonding so that the region doesn’t tie up future funding on today’s projects. 	<ul style="list-style-type: none"> • Since all modes of transportation need more funding, we shouldn’t limit the funds just to transit. • Not tied directly to the user of the transportation system. Sales taxes are a general revenue funding source and might be better used for expanding health care, improving education or other public goals. • Many feel that taxes are high enough and that raising any taxes will have a negative impact on jobs and the economy. • Sales taxes are regressive—lower income people pay a greater portion of their income to the tax than wealthier individuals. • Transportation projects in the region will benefit individuals statewide, therefore the state should do its part in coming up with additional funding sources.

Funding Options	Pros	Cons
<p>C. Increase vehicle registration fees*</p>	<ul style="list-style-type: none"> The tax is progressive—it is a personal property tax, where more expensive vehicles are taxed at a higher rate. The portion of the tax above the \$35 minimum is deductible on federal and state income tax returns³³ reducing the overall impact of the tax on the vehicle owner. 	<ul style="list-style-type: none"> The tax is “value-based” (that is, it is based on the cost of the car) rather than “user-fee based” (where the tax reflects the use of the transportation system.)
<p>D. Increase the gas tax by 5 or 10 cents/gallon* and/or apply the sales tax of 6.5% to the purchase of gasoline.</p> <p>Since Minnesota last increased its gas tax in 1988, 47 other states have increased theirs.</p> <p>Minnesota currently does not collect sales tax on the sale of gasoline.</p>	<ul style="list-style-type: none"> At current consumption levels, each one-cent increase in the gas tax could yield about \$32 million per year to the Highway User Tax Distribution Fund³⁴ Gas tax is a fair tax as the user of the transportation system is the one paying. Easy to implement, difficult to evade, and familiar to taxpayers. Higher gas taxes can encourage some people to take transit or carpool helping to reduce congestion. 	<ul style="list-style-type: none"> Unreliable. With greater fuel efficiency or decreases in driving, gas tax receipts will decrease. As more cars use fuels that aren't taxed or are taxed at a lower rate, revenues will also decrease. Gas prices are at historically high levels and people do not want to pay more for fuel. There is a greater burden on people with the lowest income as they pay a greater share of their income on gas than wealthier individuals. Limited flexibility. Current laws governing the distribution of gas tax funds in Minnesota only allow funds to be used for highways, not transit.
<p>E. Increase “wheelage tax”</p> <p>Since 1972, Minnesota statute has permitted metro area counties to charge a \$5/vehicle annual tax on vehicles that are stored in the county. Currently, only Anoka, Dakota, and Washington counties assess this fee.</p>	<ul style="list-style-type: none"> Current wheelage fee is low. A modest increase could provide additional funds to counties, easing the pressure on property taxes. 	<ul style="list-style-type: none"> Limited flexibility. Wheelage taxes can only used for highways, not transit according to current legislation.

Funding Options	Pros	Cons
<p>F. Increase property taxes</p>	<ul style="list-style-type: none"> Property owners receive benefits from the local access that local transportation improvements provide (for example, allows customers to access stores, mail to be delivered and emergency services provided). Property taxes have a broad base so a significant amount of revenue can be raised with only a small change in the tax rate. 	<ul style="list-style-type: none"> There is no direct connection between the user (the traveler) and the service provided, especially since not all homeowners use the transportation system as much as others (such as, retirees.) Higher property taxes can negatively influence business investment and housing demand. Metro area property taxes have increased steadily for past decade, and a portion is already used for transportation needs.
<p>G. Increase heavy-truck fees</p>	<ul style="list-style-type: none"> Heavy vehicles cause the greatest damage to roadways—tying fees to weight more closely represents the actual costs imposed on the transportation system. At a certain price, fees may shift some freight travel to rail service, which can reduce congestion and highway/bridge reconstruction and maintenance costs. 	<ul style="list-style-type: none"> Imposing fees by weight, size, and distances traveled within the region would have implementation challenges. Raises operator costs which could have an impact on the economy.
<p>H. Institute tolls on particular roads and bridges*</p> <p>While places around the country have had significant experience with tolling roads and bridges, the Twin Cities metro area has not. The I-394 High Occupancy Toll (HOT) lane is the only tolled facility in the region and it's an optional toll as motorist may choose to travel in the non-HOT lanes without a fee.</p>	<ul style="list-style-type: none"> Toll revenues can be used to fund the maintenance costs of busy roads and bridges. Tolls are a true user fee—only those that use the road/bridge pay. 	<ul style="list-style-type: none"> Steep resistance to tolling roads and bridges that were constructed with state and federal funds and that have been free to travel on in the past. Can worsen bottlenecks if not everyone uses a “transponder” (a tag placed on the windshield or dash that allows tolls to be automatically deducted as car passes through toll booth) and cars line up at toll booths.

Funding Options	Pros	Cons
<p>I. Mileage-based user fee (MBUF)</p> <p>Under a MBUF scenario, motorists are charged for the amount they drive (on a cents per mile basis)—so that the more you drive, the more you pay. The MBUF is meant to replace the gas tax as a primary funding source. Currently there are no national or international examples of MBUFs in practice, but Oregon has tested a pilot version.</p> <p>In the Oregon scenario, the pilot program participants had on-board mileage counting equipment in their cars that tracked only in-state miles. Participants paid 1.2 cents per mile and did not pay a gas tax. To make the system easy for motorists, every time they put fuel into their vehicle the gas tax was deducted and the road fee added. Future options also included charging lower rates for higher fuel efficiency and for motorists travelling during off-peak hours.</p>	<ul style="list-style-type: none"> • Mileage-based fees better reflect the road, congestion and pollution costs imposed by individual vehicles. • Revenue can keep pace with population and economic growth. • May create a money-saving incentive to drive less—which can decrease congestion levels, reduce energy consumption, and improve environmental quality. • Can be implemented without the public having to make major behavior changes. 	<ul style="list-style-type: none"> • Difficult for a single state to implement because of the high cost of outfitting • vehicles with tracking equipment as well as issues with crossing state borders. • Privacy concerns as GPS units track vehicle use (although GPS is only used to validate when the vehicle is in or out of the MBUF boundary area, it does not track individual vehicle movement). • Possibility for evasion by high-mileage motorists who could register their vehicles in a jurisdiction without mileage charges. • Unless highly fuel-efficient vehicles were given a credit or reduced rate, less fuel efficient vehicles would end up paying less under the MBUF than under the fuel tax.

Funding Options	Pros	Cons
<p>J. Congestion pricing (varying toll prices based on time of day and congestion levels. Travelers can choose between paying to travel in a faster-moving route/lane or travel for free in a more congested corridor/lane. Congestion pricing projects rely on sophisticated technologies and transponders on motorists windshields to make the transactions quick and efficient.)</p> <p>Currently the MN-Pass express lanes on I-394, linking Minneapolis to the western suburbs, are the only lanes that have a toll that varies based on traffic conditions in the lanes. Since their 2005 opening, the express lanes have maintained the speed limit 95% of the time, reduced congestion in the other non-tolled lanes of I-394, and its revenues paid for the operating costs of the road.³⁵</p> <p>The state is planning to use congestion pricing along I-35 W, south of downtown Minneapolis—where existing High Occupancy Vehicle (HOV or carpool lanes) lanes will be converted into HOT lanes (carpoolers will still be able to use the lane for free, but single occupant vehicles can use the lane for a fee that varies based on congestion levels), new HOT lanes will be constructed, and shoulder lanes will be widened and converted to tolled lanes.</p>	<ul style="list-style-type: none"> • Congestion is a problem because roadways are generally free. When they are tolled with prices varying according to congestion levels, traffic can be better rationed. • Technologies like the MN-Pass on I-394 make it easy to implement a congestion pricing program and it doesn't slow traffic down at toll-booths. • Even people that don't pay to travel in the tolled lanes benefit because some of the traffic that was in those lanes has shifted to the tolled lanes. • Faster-moving tolled-lanes can provide an alternative when on-time arrival is critically important. • Congestion pricing experience has shown it to be effective in managing traffic flow. 	<ul style="list-style-type: none"> • Low income travelers may not be able to afford traveling in the tolled facility. • Depending on the location of the tolled facility, it may divert traffic to neighborhood streets because they are free. • There are concerns over privacy with transponders tracking vehicle entrance and exit to priced roadways as well as cameras photographing vehicle license plates.

Funding Options	Pros	Cons
<p>K. Privatizing roads and bridges*</p> <p>Privatization usually happens one of two ways: 1) the state sells off an existing toll road to a private company or 2) the state contracts with a private company to build, operate, and maintain a new toll road. Recently privatization has been in the spotlight when Indiana announced its leasing of a 160+ mile toll road to a private company for 75 years, bringing in \$3.85 billion for the state. “The proceeds will allow Indiana, by current projections, to quadruple transportation spending from \$231 million in 2005 to \$874 million in 2015, with new projects to be spread throughout the state over the decade.”³⁶</p>	<ul style="list-style-type: none"> • When a private company purchases the roadway, the state is likely to get a significant influx of money that can speed up the construction of other projects. • If the project is new construction (rather than buying a pre-existing roadway) private companies take on the risks of potential cost overruns and getting the project financed. • The people that use the road/bridge are the ones that pay for its maintenance through tolls, making the system fair. • The money that would have been spent by the state and region to maintain the road can then be used on other projects. 	<ul style="list-style-type: none"> • Privatization of roads/bridges is usually done on a pre-existing tollway. The Twin Cities metro area has few roads that are tolled. • Tolls can rise at the company’s discretion without any public input and will continue long after the road has been paid for. • Residents nearest toll roads will have a disproportionate cost burden—especially if there are few alternative routes. Tolls are also regressive, affecting low income drivers more. • Private company goal of maximizing profits may conflict with public goal of improved mobility. • The number of cars likely to use a toll road in the Twin Cities may not be sufficient enough for a private company to make a profit.
<p>L. Raise transit fares</p>	<ul style="list-style-type: none"> • More of transit’s costs can be captured by transit users. • Additional funds can cover operating costs—which cannot be covered by many other sources. 	<ul style="list-style-type: none"> • Will hurt transit-dependent people who typically have lower incomes. • If a fare hike is too high, ridership will drop off, revenues will decline, and service will have to be scaled back.

Thank you for taking the time to read this background information and considering the questions that will be addressed. We look forward to your participation in the deliberation day!

ENDNOTES

¹ Minnesota Chamber of Commerce. “2007 Business Barometer Survey.” Available at: http://www.himlehorner.com/bus_barometer.html. Accessed January 17, 2008.

² All data from Metropolitan Council. 2030 Transportation Policy Plan. http://www.metrocouncil.org/planning/transportation/TPP/2004/TPP04Chapter2_Final.pdf Accessed December 24, 2007.

³ Shrank, David and Tim Lomax. “2007 Annual Urban Mobility Report.” Texas Transportation Institute. September 2007. Available at: <http://mobility.tamu.edu/ums/> Accessed January 1, 2008.

⁴ deFiebre, Conrad. “Moving Forward.” Minnesota 2020. January 2008. Page 12. Available at: <http://www.mn2020.org/> Accessed January 17, 2008.

⁵ From the “2030 Regional Development Framework.” Required by Minnesota statute, this document produced by the Metropolitan Council, is the guiding plan for regional growth and development. Available at: <http://www.metrocouncil.org/planning/framework/Framework.pdf> Accessed December 29, 2007.

⁶ From the Metropolitan Council website: <http://www.metrocouncil.org/planning/framework/overview.htm>. Accessed December 29, 2007.

⁷ Ryan, Barry and Thomas Stinson. “Minnesota State Road Taxes in 2030: Will revenues keep pace with inflation?” University of Minnesota. 2005. Available at: <http://www.lrrb.org/pdf/200526.pdf>. Accessed January 1, 2008.

⁸ Metropolitan Council. “Summary: 2030 Transportation Policy Plan: Transportation at the Crossroads.” 2004. Available at: http://www.metrocouncil.org/planning/transportation/TPP/2004/TPP_Summary1.pdf. Accessed January 1, 2008.

⁹ Metropolitan Council. 2030 Transportation Policy Plan. Page 37. Available at: http://www.metrocouncil.org/planning/transportation/TPP/2004/TPP04Chapter3_Final.pdf, Accessed December 29, 2007.

¹⁰ Information assembled by ULI Minnesota, the Regional Council of Mayors and the Itasca Project. “Green Light on Transportation” presentation. Available at: http://minnesota.uli.org/AM/Template.cfm?Section=Regional_Council_of_Mayors_RCM. Accessed January 4, 2008.

¹¹ Ibid.

¹² Sundeen, Matt and Reed James. “Surface Transportation Funding: Options for States.” National Conference of State Legislatures. May 2006. Available at: <http://www.ncsl.org/print/transportation/item014233.pdf>. Accessed January 7, 2008.

¹³ Davis, Gary and Kate Sanderson. “Building Our Way Out of Congestion: Highway Capacity for Twin Cities.” University of Minnesota. 2001. Available at: <http://www.lrrb.org/pdf/200201.pdf>. Accessed January 22, 2008.

¹⁴ Personal conversation with Carl Ohrn, Metropolitan Council. January 25, 2008.

-
- ¹⁵ Metropolitan Council. 2030 Transportation Policy Plan. http://www.metrocouncil.org/planning/transportation/TPP/2004/TPP04Chapter2_Final.pdf Accessed January 8, 2008.
- ¹⁶ American Petroleum Institute. “State Gasoline Tax Summary Report – Updated August 2007 to reflect July 2007 Changes.” August 2007. <http://www.api.org/statistics/fueltaxes/> Accessed December 17, 2007.
- ¹⁷ Metropolitan Council. “Transportation Finance 101” powerpoint presentation
- ¹⁸ Williams, John. “Survey of State and Local Gasoline Taxes: Information Brief.” Minnesota House of Representatives Research Department. January 2002. <http://www.house.leg.state.mn.us/hrd/pubs/gastax.pdf>. Accessed December 17, 2007.
- ¹⁹ Metropolitan Council. “Transportation Finance 101” powerpoint presentation.
- ²⁰ Ibid.
- ²¹ Metropolitan Council. “Transportation Finance 101” powerpoint presentation.
- ²² Ibid.
- ²³ Ibid.
- ²⁴ Ibid.
- ²⁵ Matthews, Joe. “Transportation Funding is Property Tax Relief” in “Association of Minnesota Counties: Transportation Special Report.” September 2007. Available at: http://www.mncounties.org/8page_amcTransportation_2007.pdf. Accessed January 3, 2008.
- ²⁶ According to MNDOT’s 2007 State Aid Manual, eligible county or municipal streets must: a) Be part of a connected network of roads that provide for more than just local access and connect key destinations, and b) carry a relatively higher volume of traffic. Minnesota Department of Transportation. State Aid Manual: 2007. <http://www.dot.state.mn.us/stateaid/manual/sam07/index.html> Accessed December 17, 2007.
- ²⁷ Minnesota Department of Transportation. “Department Results.” July 31, 2008. Available at: <http://www.departmentresults.state.mn.us/dot/DeptDetail.htm>. Accessed January 7, 2008.
- ²⁸ Olson, Dan. “Minnesota not alone in struggle for transportation funding.” Minnesota Public Radio. June 5, 2007. Available at: <http://minnesota.publicradio.org/display/web/2007/06/04/moretranspo/> Accessed January 7, 2008.
- ²⁹ Information assembled by ULI Minnesota, the Regional Council of Mayors and the Itasca Project. “Green Light on Transportation” presentation. Available at: http://minnesota.uli.org/AM/Template.cfm?Section=Regional_Council_of_Mayors_RCM. Accessed January 4, 2008.
- ³⁰ Ibid.

-
- ³¹ Metropolitan Council. “Regional Transit Services Fact Sheet.” April 2006. Available at: <http://www.metrocouncil.org/about/facts/RegionalTransitFacts.pdf>. Accessed January 8, 2008.
- ³² Transit for Livable Communities. “Sources of Funding for Public Transit in Peer Regions.” February 2006. Available at: http://www.tlcmnnesota.org/Resources/Policy_Briefs/fundingsources.pdf. Accessed January 8, 2008.
- ³³ Minnesota Department of Revenue. “Deducting Vehicle License Fees on Federal Schedule A.” Available at: <http://www.taxes.state.mn.us>. Accessed January 8, 2008.
- ³⁴ Minnesota Department of Transportation. Minnesota’s Highway Finances. Available at: <http://www.dot.state.mn.us/information/funding2005/highwayfinances.html>. Accessed January 8, 2008.
- ³⁵ Minnesota Department of Transportation. MNPass Homepage. <http://www.mnpass.org/index.html>. Accessed January 8, 2008.
- ³⁶ Snell, Robert. “State Transportation Funding in 2007.” National Conference of State Legislatures. October 2007. Available at: <http://www.ncsl.org/programs/fiscal/xportn07.htm>. Accessed January 8, 2008.

Bibliography

- American Petroleum Institute. “State Gasoline Tax Summary Report – Updated August 2007 to reflect July 2007 Changes.” August 2007. <http://www.api.org/statistics/fueltaxes/> Accessed December 17, 2007.
- American Public Transportation Association. “Public Transportation Facts.” Available at: <http://www.apta.com/media/facts.cfm>. Accessed January, 7, 2008.
- Davis, Gary and Kate Sanderson. “Building Our Way Out of Congestion: Highway Capacity for Twin Cities.” University of Minnesota. 2001. Available at: <http://www.lrrb.org/pdf/200201.pdf>. Accessed January 22, 2008.
- Erkel, Jim and Dave Dempsey et al. “Getting on Board: Transit’s Role in Regional Economic Competition.” Minnesota Center for Environmental Advocacy. 2006. Available at: http://www.mncenter.org/mcea_transportation_and_/files/GettingOnBoardOctober2006.pdf
- Matthews, Joe. “Transportation Funding is Property Tax Relief” in “Association of Minnesota Counties: Transportation Special Report.” September 2007. Available at: http://www.mncounties.org/8page_amcTransportation_2007.pdf. Accessed January 3, 2008.
- Metropolitan Council. “2030 Regional Development Framework.” Available at: <http://www.metrocouncil.org/planning/framework/Framework.pdf> Accessed December 29, 2007.

Metropolitan Council. 2030 Transportation Policy Plan.

http://www.metrocouncil.org/planning/transportation/TPP/2004/TPP04Chapter2_Final.pdf Accessed December 24, 2007.

Metropolitan Council. "Regional Transit Services Fact Sheet." April 2006. Available at:

<http://www.metrocouncil.org/about/facts/RegionalTransitFacts.pdf>. Accessed January 8, 2008.

Metropolitan Council. "Summary: 2030 Transportation Policy Plan: Transportation at the Crossroads."

2004. Available at: http://www.metrocouncil.org/planning/transportation/TPP/2004/TPP_Summary1.pdf.

Accessed January 1, 2008.

Metropolitan Council. "Transportation Finance 101" powerpoint presentation

Minnesota Chamber of Commerce. "2007 Business Barometer Survey." Available at:

http://www.himlehorner.com/bus_barometer.html. Accessed January 17, 2008.

Minnesota Department of Public Safety. Driver and Vehicle Services.

http://www.dps.state.mn.us/dvs/Fees/fees_framehtm.htm Accessed December 17, 2007.

Minnesota Department of Revenue. "Deducting Vehicle License Fees on Federal Schedule A." Available

at: <http://www.taxes.state.mn.us>. Accessed January 8, 2008.

Minnesota Department of Transportation. "Department Results." July 31, 2008. Available at:

<http://www.departmentresults.state.mn.us/dot/DeptDetail.htm>. Accessed January 7, 2008.

Minnesota Department of Transportation. "Minnesota's Highway Finances." Available at:

<http://www.dot.state.mn.us/information/funding2005/highwayfinances.html>. Accessed January 8, 2008.

Minnesota Department of Transportation. MNPass Homepage. <http://www.mnpass.org/index.html>.

Accessed January 8, 2008.

Minnesota Department of Transportation. "State Aid Manual: 2007."

<http://www.dot.state.mn.us/stateaid/manual/sam07/index.html> Accessed December 17, 2007.

Olson, Dan. "Minnesota not alone in struggle for transportation funding." Minnesota Public Radio. June

5, 2007. Available at: <http://minnesota.publicradio.org/display/web/2007/06/04/moretranspo/> Accessed

January 7, 2008.

Ryan, Barry and Thomas Stinson. "Minnesota State Road Taxes in 2030: Will revenues keep pace with

inflation?" University of Minnesota. 2005. Available at: <http://www.lrrb.org/pdf/200526.pdf>. Accessed

January 1, 2008.

Shrank, David and Tim Lomax. "2007 Annual Urban Mobility Report." Texas Transportation Institute.

September 2007. Available at: <http://mobility.tamu.edu/ums/>

Snell, Robert. "State Transportation Funding in 2007." National Conference of State Legislatures. October 2007. Available at: <http://www.ncsl.org/programs/fiscal/xportn07.htm>. Accessed January 8, 2008.

Sundeen, Matt and Reed James. "Surface Transportation Funding: Options for States." National Conference of State Legislatures. May 2006. Available at: <http://www.ncsl.org/print/transportation/item014233.pdf>. Accessed January 7, 2008.

Transit for Livable Communities. "Sources of Funding for Public Transit in Peer Regions." February 2006. Available at: http://www.tlcmnnesota.org/Resources/Policy_Briefs/fundingsources.pdf. Accessed January 8, 2008.

Urban Land Institute (ULI) Minnesota, the Regional Council of Mayors and the Itasca Project. "Green Light on Transportation" presentation. Available at: http://minnesota.uli.org/AM/Template.cfm?Section=Regional_Council_of_Mayors_RCM Accessed January 4, 2008.

Whitty, James, et al. "Public Involvement and Road User Charge Development: Oregon's Experience." Oregon Department of Transportation. March 2006. Available at: <http://www.oregon.gov/ODOT/HWY/OIPP/docs/UKReportMarch2006.pdf>. Accessed January 21, 2008.

Williams, John. "Survey of State and Local Gasoline Taxes: Information Brief." Minnesota House of Representatives Research Department. January 2002. <http://www.house.leg.state.mn.us/hrd/pubs/gastax.pdf>. Accessed December 17, 2007.