

2008 Transportation Policy Priorities

A vast majority of Minnesotans drive solo on the 5th largest road system in the U.S. Because of our economic growth and relative wealth, we are using the full capacity of this road system in much of the state, but such a large system has high maintenance costs that are not sufficiently funded and high costs associated with rising levels of congestion.

Three ways Minnesotans currently pay for the costs of congestion

Area	Health cost of air pollution, per person *	Crashes cost, per person*	Lost time cost, per person*
Minnetonka	\$442	\$281	\$376
Burnsville	\$326	\$146	\$364
Roseville	\$333	\$389	\$367
Minneapolis – South Lakes	\$857	\$290	\$777
St. Paul – Highland Park	\$747	\$653	\$281
Brooklyn Park East	\$245	\$517	\$482
Maple Grove	\$155	\$380	\$459
Eagan	\$253	\$182	\$365
Woodbury/Rural East	\$111	\$141	\$366

* 1998 per capita figures from the economic study “The Full Cost of Transportation in the Twin Cities Region.”

Paying for congestion in these ways is an inefficient use of resources. Minnesotans should have the choices to buy free flow on our existing road system, use a better transit system, have more employers with flexible options, and reduce these unacceptable costs at the same time. The 2008 Citizens League transportation priorities set the structure in place to build such a system.

Free Flow Pricing

Free flow pricing uses supply and demand to make the most efficient use of roads during peak-use periods. As transit improvements come on line, solo drivers should have the choice to use a “free-flow” lane that is shared with transit and carpoolers for a fee that varies depending on traffic levels in order to guarantee that traffic continues to move at 50-55 mph. Free-flow pricing will benefit those who choose to pay and those who don’t by reducing congestion overall. Free-flow pricing on a system-wide basis will result in more transportation choices for all and reduce the hidden costs of congestion by creating a more integrated system where users and beneficiaries pay costs more directly.

The MnPASS program on I-394 produced \$60,000 in extra revenues in its second year of operation (May 2006 to May 2007). Greater use on a regional basis and economies of scale will produce more revenue that should be used to support transit operations and incentives for employers to offer commuters more alternatives.

Priority #1: Fund and Implement the Urban Partnership Agreement (UPA)

Chosen as one of five recipients of the UPA by the federal government, Minnesota has a rare opportunity to jump-start the integration of transparent funding and choices within our transportation system through free-flow pricing and increased transit options. The federal government has offered \$133 million, mainly to build facilities for bus rapid transit on I-35W from downtown Minneapolis to Burnsville as Minnesota implements free-flow pricing on that segment of freeway. The state must come up with approximately \$55 million in matching funds to receive this federal money by May 12, 2008. The Legislature has approved all of the funding as of May 2, 2008, but policy language to authorize priced dynamic shoulders must be passed in the next 10 days.

Priority #2: Provide Transportation Choices in All Congested Areas

All Minnesotans who pay the costs for congested roadways should have the same choices that will be provided on I-35W if the Urban Partnership Agreement (UPA) is funded. These choices are:

- New or significantly improved transit facilities such as Bus Rapid Transit and Light Rail Transit
- Guaranteed free flow for transit (which includes carpools) during congested times
- Choice for solo drivers to pay for free flow during congested times, or to continue to drive in the congested roadway for “free”
- Incentives for a greater number of employers to provide the structure and culture to support flex-time and telecommuting options

Priority #3: Integrate More Transparent Funding to Support Transportation Choices and Improve the Safety of Roads and Bridges

Users and beneficiaries of Minnesota's transportation system should pay more directly through several more transparent funding options. If general fund revenue, such as the sales tax, is dedicated on a significant level to fund transportation, the revenue sources below must be developed at the same time so that dedicated of general revenues can be re-evaluated every 5-10 years.

Free-flow pricing: Direct pricing of the costs created by solo driving is a fundamental part of creating a more integrated transportation system that is based on more transparent funding mechanisms. Wherever there is significant enough congestion to cost-effectively price solo driving, free flow pricing should be an available choice.

Value capture: This mechanism has been used around the U.S. for roads and transit. A couple options for value capture are:

- In the same way that Minnesota currently uses tax increment financing (TIF), the amount of property tax revenue that is due to the increased value of the land from the transportation facility should be captured to help pay for the facility.
- At the point of sale of land that benefits from a transportation improvement, the state should tax a portion of that gain to pay for the transportation improvement on the basis of the increase in value.

Vehicle registration fees or weight and distance tax based on road impact: A study of the impact of all vehicles on the cost of maintaining and constructing our roadways must be undertaken in 2008 to implement a new funding structure in 2009.