

Funding Meaningful Transportation Choices

Panelists will each give 3-5 minute perspectives on these two questions. **You do not need to comment on every option, or be confined to the list below.** The outcome is to think creatively about what are the best options to consider in Minnesota and to set the stage for an audience discussion of what they think are the best options.

CHOICES

1. How do you view the various opportunities to have more transportation choices?

"Free" solo driving

Minnesota offers the 5th largest road system in the U.S. which supports solo driving on roads that don't have tolls and parking that is "free" – with the exception of some parts of larger cities. This is the existing choice for a vast majority of Minnesotans, but is also a choice that creates a system that some cannot access – because they cannot drive or cannot afford to own and insure a car. Some of the costs of this system are becoming more evident, but this remains the top choice for travel for most Minnesotans. To what degree should we and can we expand the choice of "free" solo driving?

Increased transit options

Minnesota has slowly started to move beyond local bus service and express bus service with our first light rail transit (LRT) line and the potential for our first bus rapid transit (BRT) line as part of the Urban Partnership Agreement. Transit can also be defined as a variety of alternatives that reduce the number of solo drivers – carpooling, bicycling, commuter services through employers, etc. To what degree should we and can we expand various transit options?

Priced solo driving as a choice to buy free flow

Minnesota has an initial demonstration on I-394 where solo drivers can choose to pay to buy free flow when the roadway is congested. They can also choose to remain in the congested lanes of the roadway. This model of choice is quite different from tolling where all vehicles must pay to use a toll road. Another opportunity to demonstrate free-flow pricing will occur on I-35W from Downtown Minneapolis to Burnsville if the Legislature completes the legislation for the Urban Partnership Agreement. To what degree should we and can we expand the choice to buy free flow?

Telecommuting and flex-time options

To what degree various employers have the ability and aptitude to provide organization-wide telecommuting and flex-time options on a regional level is an open question. One model that is nationally recognized was developed here at Best Buy headquarters and was called the Results-Oriented Work Environment (ROWE). Another component of the Urban Partnership Agreement will be to support some efforts to expand this model to other employers on the I-35W corridor. To what degree should we and can we expand telecommuting and flex-time options?

Technology improvements

On some level, technology improvements are a part of every choice and funding option that we are considering today. The Twin Cities Metro Area is one of the biggest users of ramp metering nationally; transponder technology has enabled us to provide a free-flow pricing option on I-394. What are the technology improvements that are most promising or essential to our transportation future?

TRANSPARENT FUNDING

2. What are the most promising ways to make funding more transparent?

Higher gas tax

The gas tax is applied on a per gallon basis and therefore taxes consumption rather than price. The gas tax is entirely dedicated to roads under the Minnesota constitution and has functioned as the main user fee for road use. Cost allocation studies show, however, that even with the increased amounts of gas that large, heavy vehicles consume, the gas tax does not raise enough from the largest and heaviest vehicles to pay for their impact on the roads. The Minnesota Legislature just raised the state gas tax in 2008 for the first time in 20 years. To what degree should we look to a higher gas tax for future transportation funding?

Sales tax on gasoline

Retail gasoline purchases in Minnesota are exempt from state and local sales taxes and have been since the sales tax was established (the gas tax was already in place). There has always been a legal debate about whether the constitutional dedication of the gas tax creates a problem for applying the sales tax to gasoline purchases and, if the sales tax were applied, whether or not it would also have to be dedicated to roads. Should we and can we remove the sales tax exemption for gasoline?

Vehicle registration fees based on road impact

Should vehicle registration fees be restructured to be more strongly based on the road impact of the vehicle?

Weight and distance tax

The state of Oregon has the longest-running weight and distance tax on trucks. It has been around in some form since 1925. To what degree should we and can we focus on a weight and distance tax for future transportation funding?

Free-flow pricing

Often called congestion pricing, in Minnesota this mechanism has taken the form of offering a choice to buy free flow when a corridor is congested. This should not be confused with cordon-style congestion pricing such as what has been implemented in London and was under consideration for New York City until recently. That model charges everyone to enter a congested zone and does not provide the choice that Minnesota is implementing. The revenues from free-flow pricing should be used to support options that help reduce congestion in a given corridor or on a regional basis. To what degree should we and can we focus on free-flow pricing for future transportation funding and system management?

Tolling

Toll roads and bridges are a way to collect tolls for the purpose of paying for and maintaining the road or bridge. Minnesota does not have toll roads and pays for our roads and bridges mainly through property taxes, the gas tax and vehicle registration fees. Some sales tax revenues are now being dedicated to roads with the recent constitutional amendment. To what degree should we and can we focus on tolling for future transportation funding?

Transportation utility fees

One way that has been proposed to pay for local roads is to charge property a utility fee based on the amount and types of trips that the property generates. This could be a way to replace some of the current use of property taxes. To what degree should we and can we focus on street utility fees for future transportation funding?

Value Capture

Transportation infrastructure and facilities often produce appreciable increases in land value that result in increased property tax revenues from the properties that benefit. Value capture could be applied broadly to all types of transportation infrastructure whenever land value increases are appreciable enough to act as an efficient financing source for a project. There are also situations where transportation infrastructure results in property sales at several times the assessed value. A one-time tax based on the increased land value at a point-of-sale would be another type of value capture. To what degree should we and can we focus on value capture for future transportation funding?