

LEAGUE OF MINNESOTA CITIES

# CITY ISSUE FACT SHEET

## DEDICATED STREET FUNDING FOR ECONOMICALLY COMPETITIVE CITIES



### PROBLEM:

Existing funding mechanisms for city street maintenance and reconstruction are inadequate. The bulk of city streets are not eligible for Municipal State Aid (MSA). Nearly 84 percent of city streets are funded only with property taxes and special assessments. Special assessments can be onerous to property owners and are difficult to implement in some cities.

Just as the state has fallen behind in making transportation investments, some cities faced with budget challenges have made the difficult decision to divert volatile property tax revenue to urgent needs such as public safety, water quality, and cost participation in state and county highway projects. Unfortunately, deferring maintenance results in more expensive projects later.

This maintenance requires a reliable dedicated funding source to support the mobility and economic vitality of our communities.

### LEAGUE-SUPPORTED SOLUTION:

- HF 1288/SF 1269: \$10 surcharge on license tab fees and motor vehicle title transfers, which raises \$57 million annually to be split between the existing Small Cities Assistance Account and a new Larger Cities Assistance Account.
- HF 1095/SF 1271: Authority for cities to establish street improvement districts to fund street maintenance, construction, and reconstruction.
- HF 846/SF 1228: Creation of a Local Cost-Share Assistance Account within the Local Road Improvement Program to provide grants to local governments to help with the local share of some trunk highway projects.

### DID YOU KNOW?

For every \$1 spent on maintenance, a road authority saves \$7 in repairs. Preventative maintenance projects can prolong the lifecycle of streets to 50 to 60 years. Without ongoing maintenance, the average life expectancy of local streets is approximately 25 to 30 years.



### FOR MORE INFORMATION:

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