

# Blue Earth County Transportation Funding Informational Presentation

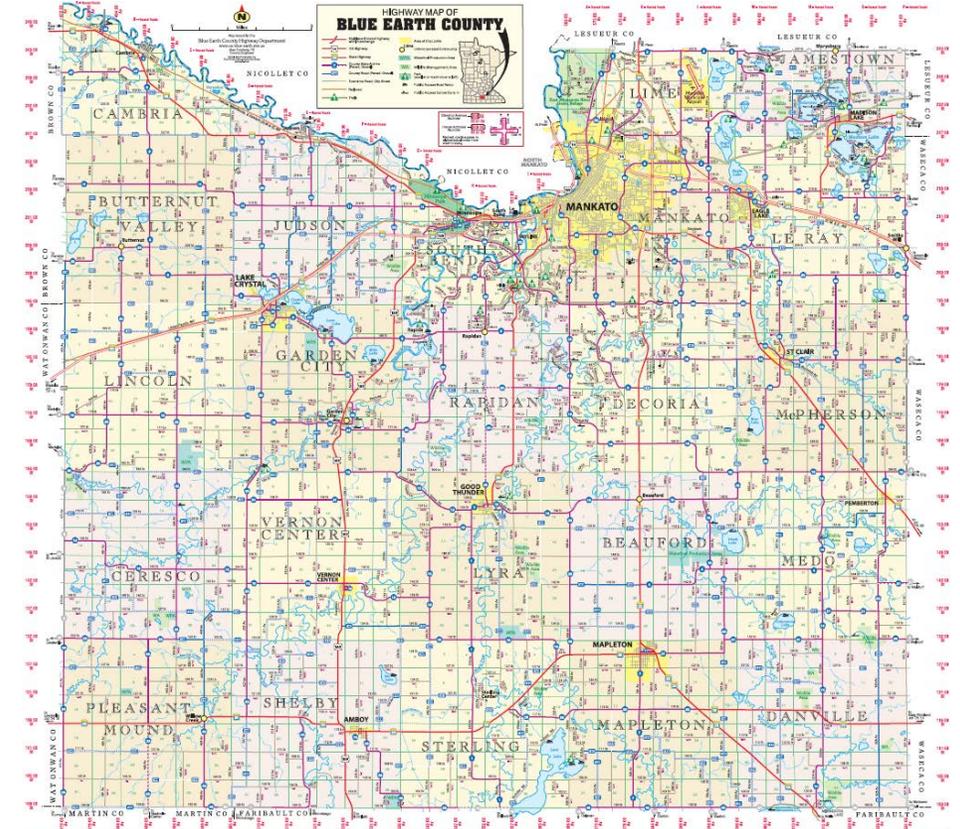
Bob Meyer, Blue Earth County Administrator



# Breakdown of Blue Earth County Roads

- **County State Aid Highway System**
  - 430 miles of paved rural and municipal roads  
(construction and maintenance primarily funded by the Highway User Tax Distribution Fund)
- **County Roads**
  - 304 miles
    - 41 miles paved
    - 263 miles gravel

(constructed and maintained with local road and bridge property tax funds)



# Blue Earth County Road & Bridge Funding Indicators of Need

- **\$4,223,000** annual gap in transportation funding for the County State Aid Highway System (CSAH) in Blue Earth County (430 miles)
  - Gap does not include
    - Need for improvements to the existing County Road system
    - Funds for expansion projects in the Mankato area



# Blue Earth County Road & Bridge Funding Indicators of Need

- New MnDOT State Aid for Local Transportation (SALT) formula estimates annual life cycle needs at **\$11,023,000** per year for Blue Earth County (based on extremely conservative life cycles)

- Current annual construction funding available in Blue Earth County
  - **\$4,800,000**  
(County State Aid Highway construction allocation)
  - **\$2,000,000**  
(Road and Bridge construction allocation - local tax levy dollars)

\*(only addressing a portion of the \$11,023,000 need)

Type of Transportation Project	Potential Life Cycle (at very most)
Grading	60 years
Right of Way	100 years
Bridges	85 years
Railroad Crossings	25 years
Signal Lights	40 years
Interchanges	30 years
Bituminous Overlays	15-20 years

# Blue Earth County Road & Bridge Funding

## Indicators of Need

- Bridges have a functional life for safe and efficient use
- Average bridge replacement costs in Blue Earth County range from \$100,000 to \$4,000,000 per bridge (\$150 per square foot)
- Bridges are routinely inspected and replacements are planned based on need
- The last five year plan included 29 bridge replacements with an average cost of \$431,966 per bridge
- Blue Earth County has 368 miles of named rivers and streams with 186 miles of unnamed streams – totaling 554 miles of waterways
- In comparison, the length of the Minnesota River across the State of Minnesota is 370 miles

Current bridges have been in place for the following number of years:

Bridge Years of Age	Bridge Quantity
1 to 39	107
40-49	26
50-59	32
60-69	0
70-79	20
80-90	5
100+	2

# Needs Documented Across Blue Earth County

- Larger Traffic Volumes
- Heavier Trucks and Equipment Utilizing Roads and Bridges
- Aging Roads and Bridges
- Rising Construction Costs
- Flat Funding
- Deteriorating Infrastructure System



# Potential Options for Blue Earth County in Addressing Transportation Infrastructure Needs

- Do nothing
- Work with legislators to increase transportation funding
- Raise the property tax levy to fund transportation needs
- Institute a wheelage tax
- Implement a local transportation sales tax option

# Transportation Sales Tax Funding Option Background Information

- 2013 Minnesota legislation provides a local transportation sales tax funding option
- Statute 297A.993 gives authority to County Boards to impose
  - Sales tax up to a ½ percent on retail sales
  - \$20 excise tax for retail sales of vehicles
  - 100 percent of revenue raised is controlled by the County

# Blue Earth County Transportation Funding Option Comparisons (Potential Revenue Estimates)



## Transportation Sales Tax Revenue Options:

½ Cent Sales Tax: \$5,587,738

¼ Cent Sales Tax: \$2,793,869

\$20 Excise Tax per new vehicle: \$200,000

(Residents, businesses, commuters, visitors share in the cost)



## Wheelage Tax Revenue Option:

\$10 per vehicle flat fee: \$505,000

(Blue Earth County licensed vehicles)



## Property Tax Levy Revenue Option:

10% levy increase = \$3,000,000

20 % levy increase = \$6,000,000

(Blue Earth County property owners)

# Transportation Sales Tax Advantages

- Share the tax burden with residents and non-residents using the local transportation system
- Minimize the tax burden for Blue Earth County property owners
- Utilize a funding mechanism for local transportation projects based on non-essential purchases by residents and nonresidents

\*(food, clothing, agriculture production items and essential items exempt from tax)



# What Could a Potential Transportation Funding Solution Mean for Residents & Visitors?

- Establishment of a predictable funding source for maintaining and constructing roads throughout Blue Earth County
- Enhancement of safety, livability, mobility and convenience factors for County residents, businesses, commuters and visitors to the area
- Ensure roads and infrastructure can be adequately maintained and built for current and future needs
- Position the County and its communities for future industry growth in addition to providing quality infrastructure throughout the County

# Estimated Transportation Sales Tax Impacts on Blue Earth County Households

**½ Percent  
Tax**

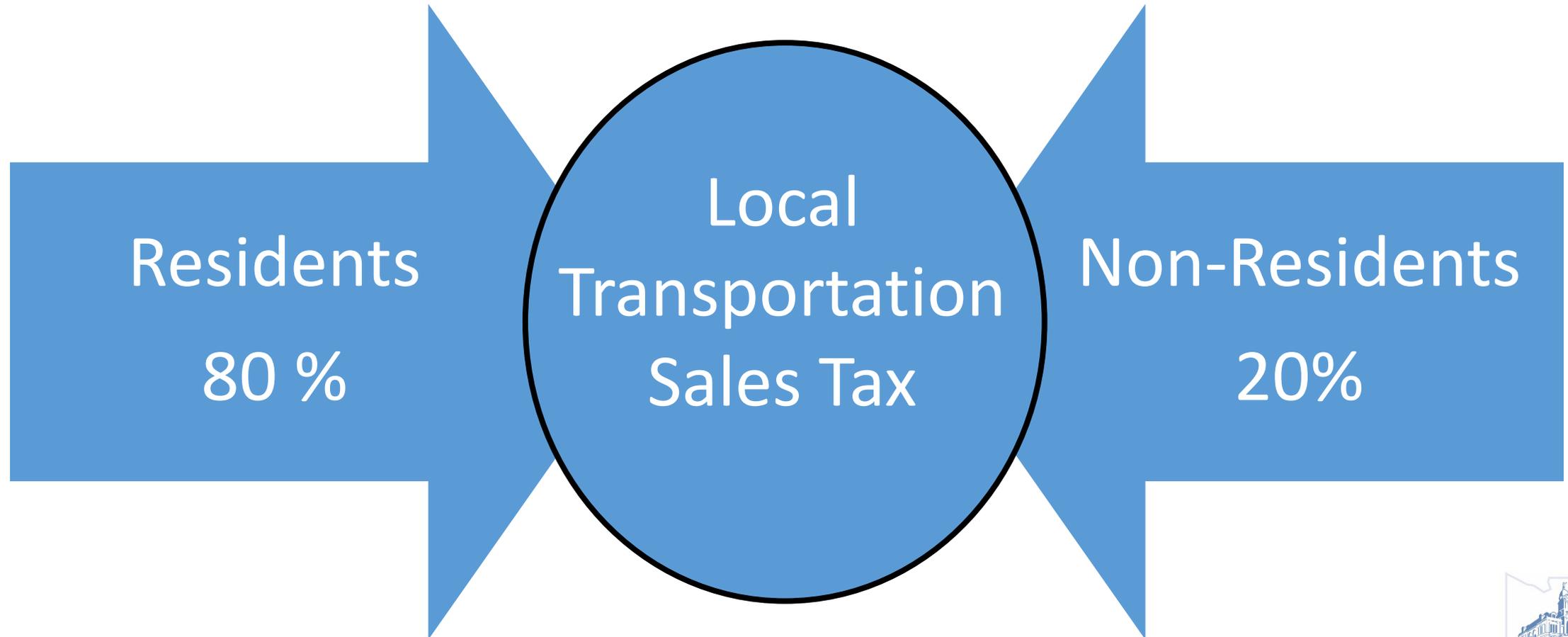
- \$81 per Household (yearly)

**¼ Percent  
Tax**

- \$40.50 per Household (yearly)

\*Estimates provided by the Minnesota Department of Revenue

# Resident and Non-resident Comparisons



\*Generalized statewide projections provided by the Minnesota Department of Revenue

# County-Portion Property Tax Increase Equivalents Commercial

Small Town Service/Retail  
\$325,100 Market Value



¼ percent sales tax = + \$214  
½ percent sales tax = + \$427

Downtown/Small Town Retail  
\$114,300 Market Value



¼ percent sales tax = + \$63  
½ percent sales tax = + \$127

Mankato Office Space  
\$1,761,400 Market Value



¼ percent sales tax = + \$1,279  
½ percent sales tax = + \$2,557

Mankato Hilltop Restaurant  
\$783,600 Market Value



¼ percent sales tax = + \$554  
½ percent sales tax = + \$1,107

*To generate roughly the same  
amount of revenue as a sales  
tax, county property taxes  
would increase...*

Mankato Hilltop Big Box  
\$4,021,300 Market Value



¼ percent sales tax = + \$2,955  
½ percent sales tax = + \$5,910

# County-Portion Property Tax Increase Equivalents Residential Homesteads

Eagle Lake  
\$181,900 Market Value



$\frac{1}{4}$  percent sales tax = + \$60  
 $\frac{1}{2}$  percent sales tax = + \$120

Lake Crystal  
\$129,700 Market Value



$\frac{1}{4}$  percent sales tax = + \$39  
 $\frac{1}{2}$  percent sales tax = + \$77

Mankato Hilltop  
\$168,100 Market Value



$\frac{1}{4}$  percent sales tax = + \$55  
 $\frac{1}{2}$  percent sales tax = + \$109

Mankato Downtown  
\$113,500 Market Value



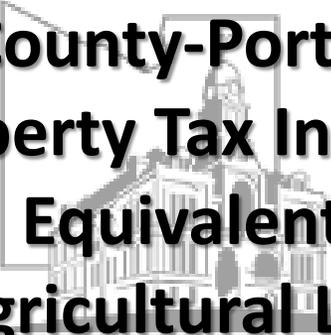
$\frac{1}{4}$  percent sales tax = + \$32  
 $\frac{1}{2}$  percent sales tax = + \$64

Mankato Hilltop  
\$249,100 Market Value



$\frac{1}{4}$  percent sales tax = + \$87  
 $\frac{1}{2}$  percent sales tax = + \$174

*To generate roughly the same  
amount of revenue as a sales  
tax, county property taxes  
would increase...*



# County-Portion Property Tax Increase Equivalents Agricultural Land

*To generate roughly the same amount of revenue as a sales tax,  
county property taxes would increase...*

Scenario	Market Value	¼ Percent Sales Tax		½ Percent Sales Tax	
		Homestead	Non-Homestead	Homestead	Non-Homestead
Average value farm (86 ac)	\$615,600	+ \$114.00	+ \$228.00	+ \$228.00	+ \$457.00
Large value farm (333 ac)	\$2.4 mill	+ \$493.00	+ \$890.00	+ \$986.00	+ \$1,780.00

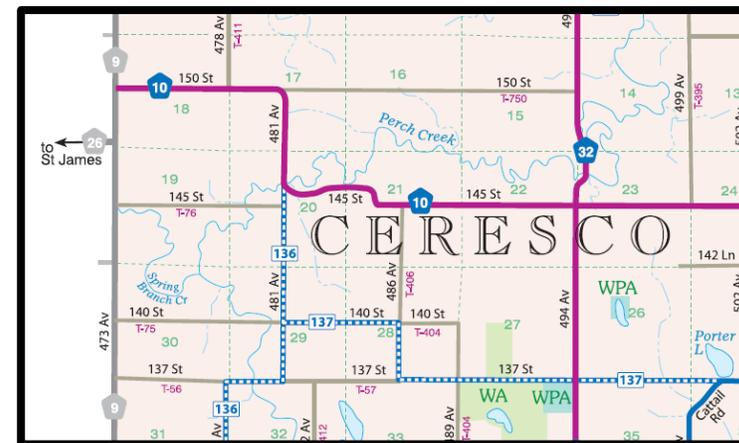
# How Would a Local Transportation Sales Tax Option be Spent?

- Greater Blue Earth County
  - Reconstruction and safety improvement projects
  - Bituminous stabilized gravel roads
- Metropolitan Planning Organization (MAPO) Considerations
  - Reconstruction and safety improvement projects
  - Expansion projects for long term transportation growth



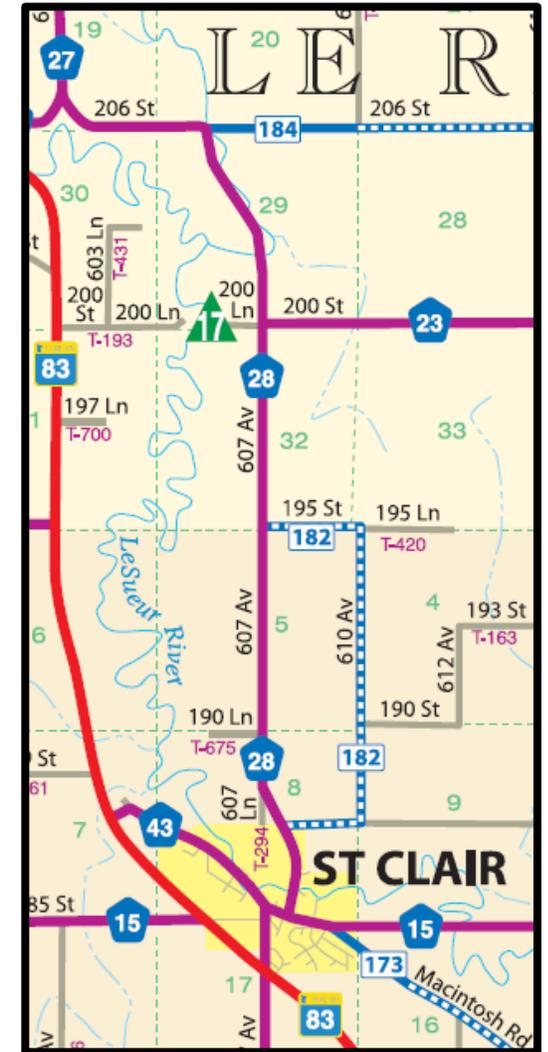
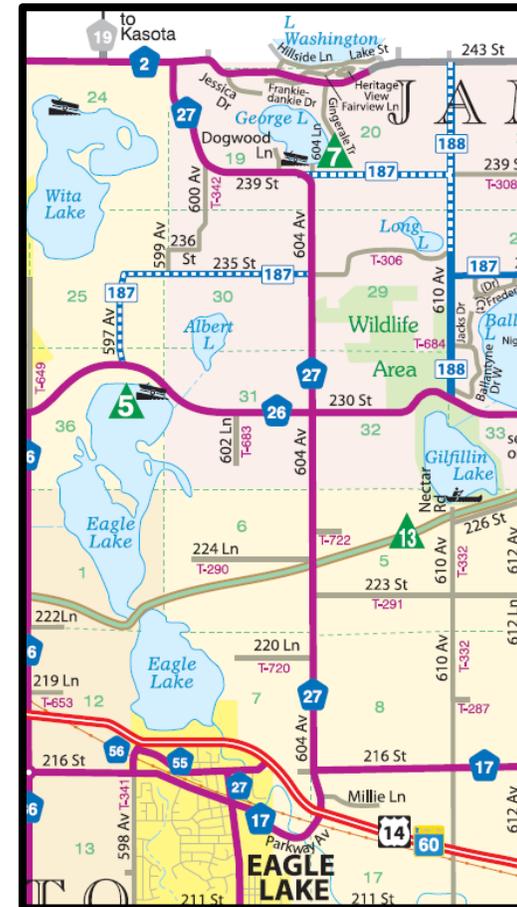
# Greater Blue Earth County: Reconstruction & Safety Improvement Project Examples

- County Road 14
  - Highway 30 to County Road 4
  - 5.5 miles
  - \$4,400,000
- County Road 10
  - County Road 32 to West County Line
  - 5 miles
  - \$4,000,000



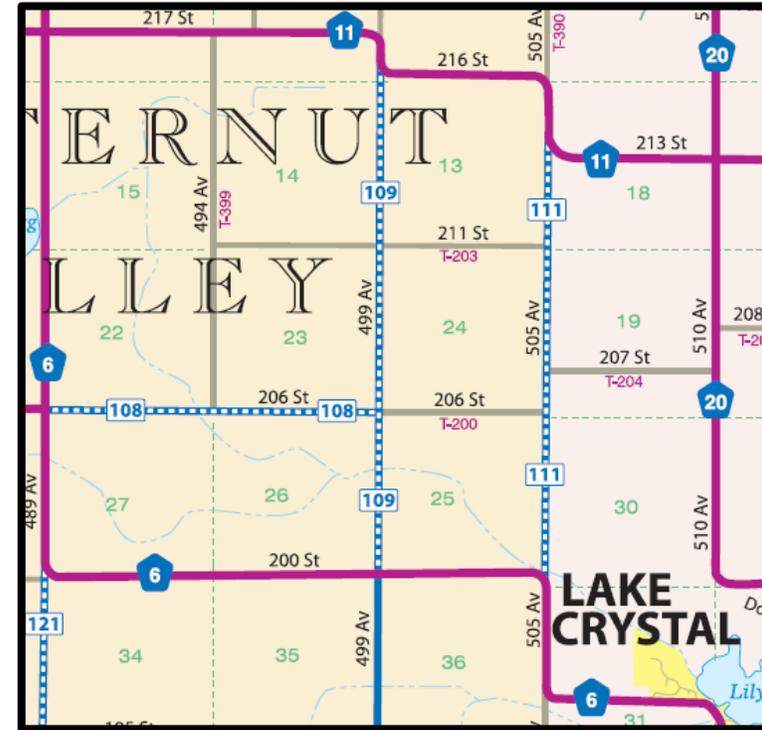
# Greater Blue Earth County: Reconstruction & Safety Improvement Project Examples

- County Road 27
  - County Road 17 to North County Line
  - 6 miles
  - \$4,800,000
- County Road 28
  - County Road 27 to St. Clair
  - 4.5 miles
  - \$3,600,000



# Greater Blue Earth County: Reconstruction & Safety Improvement Project Examples

- County Road 109
  - County Road 6 to County Road 11
  - 3 miles
  - \$2,000,000



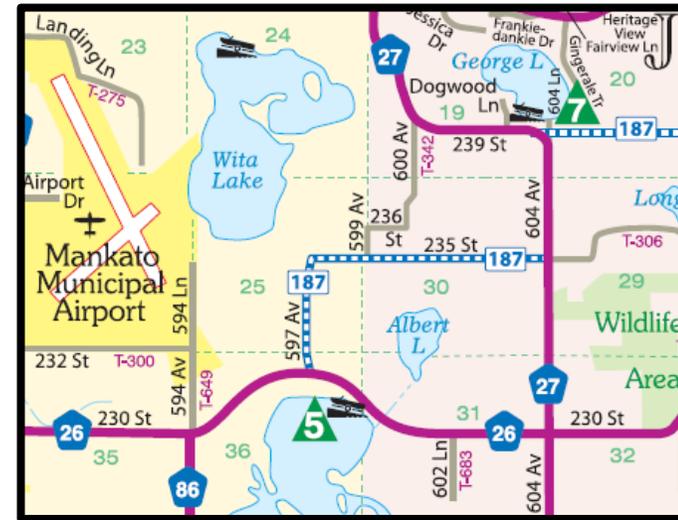
# Greater Blue Earth County Project Examples

- Deferred Maintenance Overlays
  - \$135,000 per mile
- Road life cycles indicate overlays should be done every 15 years
- Funding is needed to complete at least 28.6 miles of overlays each year to keep up with Blue Earth County's 430-mile road system



# Greater Blue Earth County: Bituminous Stabilized Gravel Road Project Examples

- County Road 187
  - County Road 26 to County Road 27
  - 2 miles
  - \$200,000
- Additional Roads
  - \$100,000 per mile (320 miles of gravel throughout Blue Earth County)



# MAPO Area Project Examples

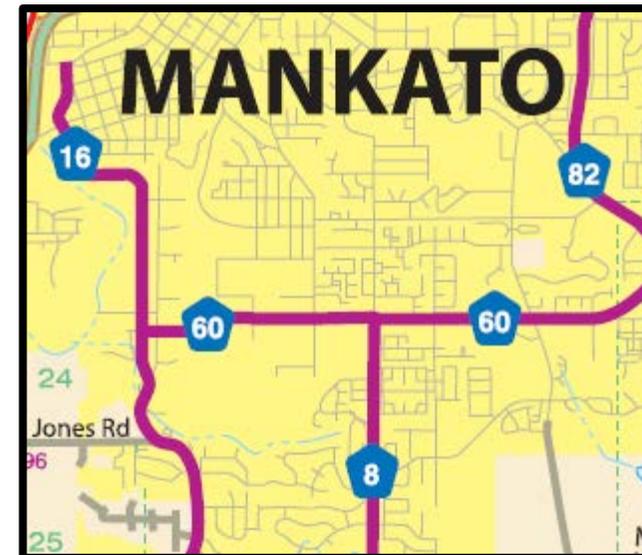
- County Road 12

- County Road 17 to Highway 83
- 1.7 miles
- \$7,800,000 (assuming a Federal TIGER grant is unsuccessful)



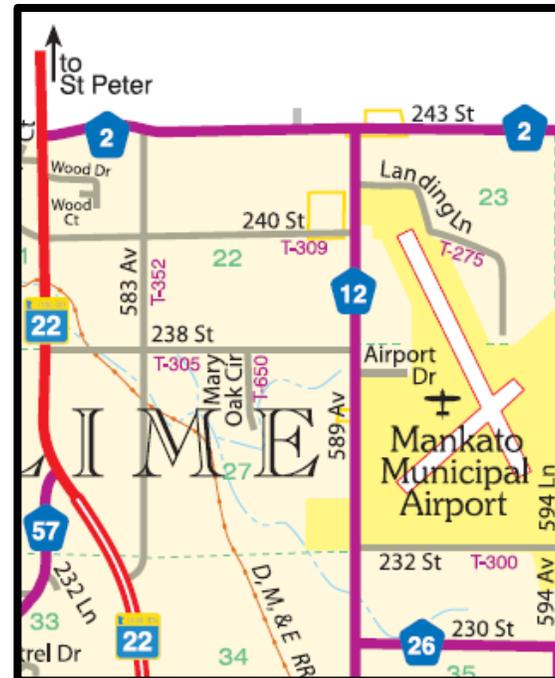
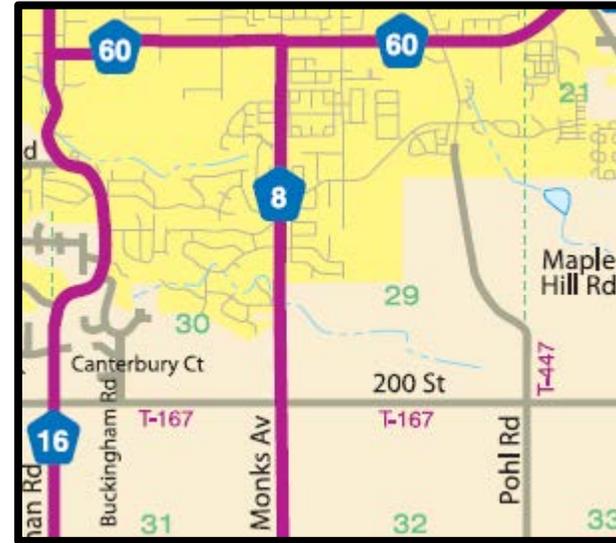
- County Road 60

- County Road 8 to County Road 16
- 2 miles
- \$700,000 (mill, inlay, lighting, ADA improvements)



# MAPO Area Project Examples

- County Road 8
  - County Road 60 to Township Road 167
  - 1.5 miles
  - \$600,000 (mill, inlay, lighting, ADA improvements)
- County Road 12
  - County Road 26 to North County Line
  - 2.5 miles
  - \$2,225,000

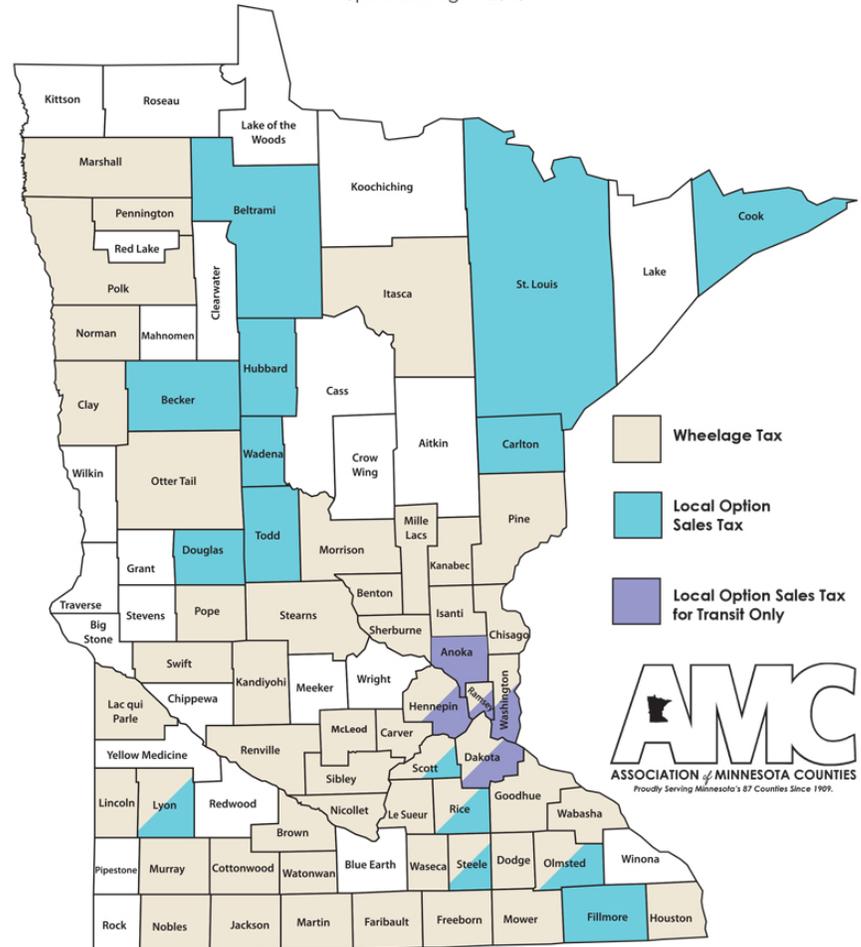


# Examples of Implementation Across Minnesota Counties

- Comparison Counties

- Scott ( ½ percent)
- St. Louis ( ½ percent)
- Olmsted ( ¼ percent)
- Steele ( ½ percent)

Wheelage Tax & Local Option Sales Tax  
Updated August 2015



# Other Considerations

- Tax “Sunset”
  - Option to remove the transportation sales tax after projects are completed or upon a Board vote.



# Transportation Sales Tax Process

- Community Discussions (optional)
- Public Hearing/County Board Resolution (Authorization)
- Notification letter to the Commissioner of Revenue
  - Must be received 90 days prior to local tax start date
  - Local tax start dates are only allowed on the first day of a quarter
    - Example: notification on 1/1/16 for 4/1/16 new local tax
- Agreement with Department of Revenue
- Notification to Businesses (60 days prior to local tax start date)
- Website Notice (60 days prior to local start date)

# Additional Discussion Opportunities

- Gather input from Blue Earth County Cities, Townships and Residents
  - Meetings with stakeholders
  - Community presentations
  - Online Comments/Suggestions



# Questions/Considerations

Blue Earth County

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